JOB CORPS OVERSIGHT HEARING

HEARING

BEFORE THE

SUBCOMMITTEE ON EMPLOYMENT OPPORTUNITIES

OF THE

COMMITTEE ON EDUCATION AND LABOR
HOUSE OF REPRESENTATIVES

NINETY-NINTH CONGRESS

SECOND SESSION

HEARING HELD IN WASHINGTON, DC, APRIL 22, 1986

Serial No. 99-98

Printed for the use of the Committee on Education and Labor

U.S. GOVERNMENT PRINTING OFFICE

60-712 O WASHINGTON : 1986

For sale by the Superintendent of Documents, Congressional Sales Office
U.S. Government Printing Office, Washington, DC 20402

H341-77

COMMITTEE ON EDUCATION AND LABOR

AUGUSTUS F. HAWKINS, California, *Chairman*

WILLIAM D. FORD, Michigan
JOSEPH M. GAYDOS, Pennsylvania
WILLIAM (BILL) CLAY, Missouri
MARIO BAIGGI, New York
AUSTIN J. MURPHY, Pennsylvania
DALE E. KILDEE, Michigan
PAT WILLIAMS, Montana
MATTHEW G. MARTINEZ, California
MAJOR R. OWENS, New York
RICK BOUCHER, Virginia
CHARLES A. HAYES, Illinois
CARL C. PERKINS, Kentucky
TERRY L. BRUCE, Illinois
STEPHEN J. SOLARZ, New York
MERVYN M. DYMALLY, California
DENNIS E. ECKART, Ohio
TIMOTHY J. PENNY, Minnesota
CHESTER G. ATKINS, Massachusetts

JAMES M. JEFFORDS, Vermont
WILLIAM F. GOODLING, Pennsylvania
E. THOMAS COLEMAN, Missouri
THOMAS E. PETRI, Wisconsin
MARGE ROUKEMA, New Jersey
STEVE GUNDERSON, Wisconsin
STEVE BARTLETT, Texas
ROD CHANDLER, Washington
THOMAS J. TAUKE, Iowa
JOHN R. McKERNAN, JR., Maine
RICHARD ARMEY, Texas
HARRIS W. FAWELL, Illinois
PAUL B. HENRY, Michigan

SUBCOMMITTEE ON EMPLOYMENT OPPORTUNITIES

MATTHEW G. MARTINEZ, California, *Chairman*

PAT WILLIAMS, Montana
CHARLES A. HAYES, Illinois
CHESTER G. ATKINS, Massachusetts
AUGUSTUS F. HAWKINS, California
(Ex Officio)

STEVE GUNDERSON, Wisconsin
PAUL B. HENRY, Michigan
JAMES M. JEFFORDS, Vermont
(Ex Officio)

CONTENTS

	Page
Hearing Held in Washington, DC, on April 22, 1986	1
Statement of:	
Androlewicz, Al, vice president, RCA Service Co., education and human services; Bernie Diamond, vice president, Management and Training Corp.; Dave Maranville, Center Director, Los Angeles Job Corps Center; and Tony Federico, Center Director, Northlands Job Corps Center	52
Hollister, Robinson, department of economics, Swarthmore College	32
Semerad, Roger D., Assistant Secretary of Labor, Employment and Training Administration	2
Prepared statements, letters, supplemental materials, et cetera:	
Androlewicz, Al, division vice president for education and human services, RCA Service Co., RCA Corp., prepared statement of	55
Diamond, Bernie R., vice president, special services, Management and Training Corp., prepared statement of	68
Federico, Tony, center director, Northlands Job Corps Center, prepared statement of	102
Hollister, Dr. Robinson, professor of economics, Swarthmore College, prepared statement of	36
Maranville, David R., Center Director, Los Angeles Job Corps Center, prepared statement of	81
Semerad, Roger D., Assistant Secretary of Labor, Department of Labor, prepared statement of	6

JOB CORPS OVERSIGHT HEARING

TUESDAY, APRIL 22, 1986

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON EMPLOYMENT OPPORTUNITIES,
COMMITTEE ON EDUCATION AND LABOR,
Washington, DC.

The subcommittee met, pursuant to call, at 9.30 a.m., in room 2257, Rayburn House Office Building, Hcn. Matthew G. Martinez (chairman of the subcommittee) presiding.

Members present: Representatives Martinez, Williams, Hayes, and Perkins.

Staff present: Eric Jensen, staff director; Bruce Packard, legislative assistant; Jon Weintraub, legislative assistant; and Mary Gardner, minority staff assistant.

Mr. MARTINEZ. This meeting is called to order.

This hearing of the Employment Opportunities Subcommittee has been called to receive testimony on the Job Corps Program, a part of the Job Training Partnership Act.

The Job Corps is a program that has been in existence for over 20 years. It provides remedial skills training and job counseling to approximately 80,000 youths annually, 85 percent of whom are high school dropouts and 100 percent of whom are below the poverty level.

This program provides the last opportunity to a group of severely disadvantaged youth, 25 percent of whom have been rejected by the U.S. Army or Armed Forces for failing minimum entrance requirements, and roughly 40 percent of the 1985 enrollees had prior arrest records.

The Job Corps Program has been enormously successful, witnessed by the fact that over four-fifths of these youngsters successfully complete Job Corps training, with two-thirds of them being placed in unsubsidized training.

In addition, these Job Corps members were three times as likely to receive a high school diploma or GED than members of similar groups who did not receive the training. Job Corps members were five times more likely to go to college than the comparable group of youths who did not receive this kind of training.

Therefore, this program, as I see it, is very valuable and has made significant positive impacts on these young people's lives.

Yet this administration is targeting the Job Corps Program for final demise. They plan to do that first with a 45-percent cut in fiscal year 1987 which will ultimately result in the program's demise.

As chairman of the Subcommittee on Employment Opportunities, which shares a concern with the administration for reducing welfare dependency and crime, I cannot fathom their crazy proposal.

If cost savings were argued, we would see that a program that returns $1.45 for every $1 invested makes sound fiscal sense as well as sound human capital sense.

I urge all my colleagues in Congress and in the public arena to deliver a message to the administration and to the Appropriations Committees, that the Job Corps is a program essential to saving the future of a whole generation of disadvantaged youth from nonproductive lives which should be harnessed, really, to improve our society.

With that, I will turn to my colleague, Mr. Williams, for any opening statement.

Mr. WILLIAMS. Mr. Chairman, I have no opening statement except to welcome the Assistant Secretary and the other witnesses that are before us today.

Mr. MARTINEZ. Thank you very much, Mr. Williams.

Then we will proceed with our first panel, and while the first panel is being seated, I will announce that their statements will be entered into the record in their entirety and they can summarize.

Do we have Sylvio Conte here yet?

[No response.]

Mr. MARTINEZ. Mr. Conte, because of some problem, has canceled.

The second witness, then, would be Mr. Roger Semerad. Would you proceed, please?

STATEMENT OF ROGER D. SEMERAD, ASSISTANT SECRETARY OF LABOR, EMPLOYMENT AND TRAINING ADMINISTRATION

Mr. SEMERAD. Mr. Chairman, thank you very much. I appreciate the opportunity to testify on the Job Corps and some other issues of concern to this committee. It is my first experience before your subcommittee and I look forward to a positive working relationship.

I have my deputy, Bob Jones with me, and the Director of the Job Corps, Peter Rell joining me today.

As you point out, my formal statement will be entered in the record, but I would like to, with your indulgence, summarize a few key points this morning.

The whole effort to effectively deal with our Nation's high youth unemployment is one of the highest priorities of Secretary Brock and myself. It is a problem that is best illustrated by the fact that there is a 29-percent gap between black and white employment rates for youth. It seems that the problem is concentrated among poor, minority dropouts who lack the educational and social skills necessary to find, get hired, and keep a job.

Many of these young people are illiterate and the whole problem with illiteracy is something that we are going to hear a great deal more about this year. You are beginning to read about it. It is a critical national problem, probably of epidemic proportion.

If this trend continues, we are going to have a permanent social underclass. At the same time, many jobs are going to go begging for a lack of skilled workers.

Now, that is not only bad for the country, bad for communities and the individuals, but it is a very tragic loss of human potential, and I think that probably we had better, as a nation, begin to address this in a much different kind of context than we have in the past.

The Department of Labor has resources directed to serving disadvantaged youth. Indeed, of the $3.6 billion for JTPA this year, $3 out of every $5 spent are targeted for youth, and I believe that JTPA is indeed reaching the economically disadvantaged.

Among these programs, Job Corps clearly serves the most severely disadvantaged youth, as you pointed out in your opening remarks.

It provides a comprehensive array of services in a unique residential setting. But as we all know, this kind of residential program makes it very costly.

The cost-benefit evaluations of Job Corps have shown very positive results. However, we continue to be concerned about the high cost and the criticism, the range of costs that on the high side clearly are subject to a great deal of criticism.

Now, the Gramm-Rudman-Hollings exercise is going to require the closing within—a decision to be made within a month to close two to eight centers, probably centering around six centers.

This is a very difficult exercise. You can well appreciate, we have developed a ranking system which has a range of criteria against which all centers are measured, and we would like the outcome to be to be able to retain the most effective Job Corps Centers.

To make those difficult decisions, we are going to, as I mentioned, really deal on the merits and the management aspects of the programs in weighing how effective centers will be, how productive they will be against their costs.

Our budget request would reduce Job Corps from the current 40,500 slots—and I emphasize the word "slots"—to 22,000 slots. As you know, we move more than one person through slots, so that unfortunately the press gets confused sometimes in addressing slots versus people.

We hope, by applying the same criteria to closings, to keep the best of the Job Corps Centers. We think better utilization of other JTPA programs can minimize the adverse effects of these reductions.

This is not an effort, not the beginning of an effort to terminate the Job Corps Program in this country.

A number of new programs or demonstrations are proposed dealing with employment. They are described in greater detail in my formal statement, where we have Job Corps demonstrations and pilot studies to test innovative approaches. We think that they should improve the effectiveness of Job Corps and eventually result in some cost savings.

Secretary Brock has made it very clear that we want to increase the yield on the taxpayer's dollars for this program. I would stress again, it is not an effort to cut it out, but we think that through certain demonstrations and new program developments that we

can reduce the cost and indeed increase the number of people that are served.

There are a number of examples of things that we would like to try using, the computer and audiovisual equipment to teach corps members basic educational skills. We want to experiment with nonresidential components in a little greater extent to see whether or not that could increase the number of people moving through the program successfully.

I think maintaining quality in whatever we try is a key aspect, but nevertheless we have many things that have been done on an individual basis at individual centers that we think have potential to be replicated elsewhere, and we would like to test those a bit more and make them more standard if, indeed, they work.

All these efforts really are consistent with our efforts to enhance services under the Job Training Partnership Act to youth.

Another example, really, is trying to get the summer youth funds to areas with greater concentrations of economically disadvantaged kids.

We want to encourage literacy training or other kinds of remediation as a component of the summer program, and certainly we are encouraging competency as a key outcome, as a measurement to determine whether the people moving through these programs indeed are being served well and that we will have long-term benefits for our efforts.

We are also initiating a number of cooperative programs with other Federal agencies. It seemed appropriate, since we are calling upon communities and States to cooperate more closely with public and private organizations, that we should make a solid effort here in Washington to get together with our colleagues at HHS, for instance, the Department of Education, and some other agencies, the Justice Department, to see if we can't pull what we all understand are going to be more limited resources, better target, better eliminate duplication, see if we can't, in spite of budget cuts, put more money into programs that will give them a better opportunity to succeed and serve more people.

Secretary Brock has asked me to chair an interagency task force on youth, which will focus on what are the opportunities available under existing legislation to better coordinate, to do a better job in focusing attention and resources and our various constituencies on particular problems.

We have got a conference coming up June 10 that Secretary Brock, Secretary Bowen, Secretary Bennett will chair, a working session, if you will, to discuss the problems of at risk youth. Because, as we all know, we have spent a lot of money over the years on these young people that are having a difficulty connecting up in either the schools or the economy, and we think that we are still missing the mark.

So, we are going to begin to try to focus some national attention on this to see, within the realities of today, whether we shouldn't start a new approach.

We basically are moving very much in the area of youth competencies, assessing program effects on disadvantaged youth to see that they indeed are being served well. We hope to be able to speci-

fy new performance standards and reporting requirements for program year 1988.

We are distributing technical assistance guides on youth employment competencies and indeed sponsoring training conferences on measuring these youth competencies, which I think we would all agree we want to make sure that whatever our efforts are, have a long-range benefit to the participants and that we also continue to monitor to see if we shouldn't make adjustments in the program as we go along.

Mr. Chairman, I appreciate the opportunity to be here. I will be glad to answer any questions that you might have.

Mr. MARTINEZ. Thank you very much, Mr. Semerad.

[The prepared statement of Roger D. Semerad follows:]

PREPARED STATEMENT OF ROGER D. SEMERAD, ASSISTANT SECRETARY OF LABOR

Mr. Chairman and Members of the Subcommittee:

I am pleased to have this opportunity to appear before you today at this oversight hearing on the Job Corps program. This is my first appearance before your Subcommittee since coming to the Department of Labor, and I look forward to a positive and productive working relationship with you.

Your letter of invitation asks that I address a number of specific issues, which I will respond to in turn. First, though, I would like to make a few remarks on the subject of youth unemployment.

Secretary Brock and I believe that youth unemployment is a serious problem that requires special measures to address through our employment and training programs. Youths now suffer an unemployment rate over 2 1/2 times that of adults, and black youth experience a rate over 6 times that of adults of all races -- 43.7 percent in March of this year. This problem has worsened considerably in recent decades. Thirty years ago the unemployment rates for black and white youth were only a few percentage points apart; today there is a 29 point spread. Unemployment is a particular problem for a hard core of poor, minority school dropouts.

The causes of the youth unemployment problem are varied. Most young people float in and out of jobs and may experience some unemployment, but being poor, minority or a dropout puts you in a different category and makes you susceptible to persistent, long-term joblessness. There are many explanations of why these young people find it so hard to get a job. They often lack the educational or other skills necessary for entry level jobs. Many disadvantaged youth are functionally illiterate and cannot even read a job vacancy announcement or fill out a job application. They often lack job search skills necessary to find job openings. And even if they find a job opening they may lack the social skills to be able to get hired and keep a job. Also, some may have unrealistic expectations regarding wages and work that result in their not accepting a job when it is offered. Teenage pregnancy is another factor, particularly where there is a lack of adequate child care.

Regardless of the causes, if we allow high youth unemployment to continue, we are likely to be faced, on the one hand, with the creation of a permanent social underclass and, on the other hand, jobs will go begging for lack of skilled workers. These individuals will become an even geater drain on public expenditures, and the lack of workers will bid up wage rates and encourage employers to f'nd workers by shifting operations overseas. Most tragic is the loss of human potential. I do not believe that as a society we can afford to let this happen.

Dealing with youth unemployment is one of Secretary Brock's highest priorities, and we are moving ahead on a number of fronts in addressing the issue --

- o working with other Federal agencies to develop a range of cooperative ventures for unemployed youth;
- o identifying practical models for attacking unemployment and encouraging employment and training managers to implement these models;
- o consulting youth experts from around the country about youth unemployment and solutions to the problem;
- o proposing to target the Summer Youth Employment and Training Program to areas with concentrations of disadvantaged youth;
- o emphasizing remedial education and literacy training in the summer program for those who do not meet minimum standards.

I will discuss some of these initiatives in greater detail as I respond to your specific concerns.

(1) The current employment and training situation for hard to serve youth

A major part of the resources administered by the Employment and Training Administration is directed to serving economically disadvantaged youth. Of the $3.7 billion available for JTPA this year, 3 of every 5 dollars spent are devoted to youth. Programs serving disadvantaged youth include Title II-A, which

includes a requirement that 40 percent of each Service Delivery Area's funds be spent on youth; the Summer Youth Employment and Training Program; the Job Corps; the Native American and Migrant and Seasonal Farmworkers Program; and pilot and demonstration programs focusing on youth. Even with the mandatory reductions under Gramm-Rudman-Hollings, the resources available for serving disadvantaged youth in the coming year starting July 1 are considerable. And these ongoing efforts will be supplemented by the new initiatives to which I referred. Employment and training services for disadvantaged youth also are provided through State and locally funded efforts and through private sector initiatives.

The question of the extent to which JTPA is reaching the hardest to serve is more difficult to answer. Secretary Brock testified before your subcommitte last October that JTPA is indeed reaching the economically disadvantaged and dislocated worker target groups identified in the law. And evaluations of JTPA show that enrollees are more disadvantaged than eligible non-participants, as measured by family income and unemployment experience.

There is no question that one JTPA program, the Job Corps, serves a unique population of the most severely disadvantaged youth. Typically these are high school dropouts who read at the sixth grade level and who come from an environment characterized by cultural deprivation, a disruptive home life,

or other disorienting conditions impairing their ability to successfully participate in other types of education or training programs.

(2) The success of the Job Corps in addressing the special needs of these youth

We believe that the Job Corps has been successful in serving severely disadvantaged youth. The program is unique in the comprehensive array of services it provides to enrollees, including vocational training, remedial education, health care, training in social skills and discipline, counseling and other services. The program also is unique in that it provides these services, with only limited exception, in a residential setting. These features of Job Corps make it the most costly (in terms of unit costs) of our training and employment programs, and this has been of continuing concern to us in recent years. We have undertaken a number of actions to contain these costs, but the unit cost has continued to rise.

Our most recent data on outcomes for participants in the Job Corps show that during the first half of Program Year 1985, 66.8 percent of all Job Corps terminees for whom we have records entered employment and an additional 14.7 percent went on to receive further schooling.

(3) The cost-effectiveness of the Job Corps

The most definitive cost-benefit evaluation of the Job Corps was conducted by Mathematica Policy Research, Inc.,

which tracked 5,000 former Job Corps participants for four years starting in 1977. Their experience was compared to a similar group of non-participants. The Mathematica study concluded that Corpsmembers show favorable results compared to nonparticipants, including increased employment, increased earnings, and reduced involvement in serious crime. The study estimates a benefit-cost ratio of 1.45:1 for the social investment in Job Corps.

We have reviewed this study from a technical standpoint, and believe that the work is of high quality and that the basic assumptions are valid, although some questions have been raised regarding the assumptions that could lower the benefit-cost ratio. Also, the study refers to the earlier Job Corps program prior to its expansion in FY 1977. I would point out that the state of the evaluation art is such that any figure cited is simply a general indicator rather than a precise conclusion. While we believe that Job Corps shows positive results and is a worthwhile program, this does not alleviate concerns about the large Federal investment required to maintain the centers and to cover the high operating cost of the program.

(4) Details of plans the Department of Labor has to accommodate Gramm-Rudman-Hollings and the Administration-proposed budget cuts

(a) Gramm-Rudman-Hollings reductions

All JTPA programs are being impacted by the Gramm-Rudman-Hollings reductions, but the $148.7 million reduction is the

largest in the JTPA Title II Grants to States (a $[illegible] million reduction) and the Job Corps (a $27.5 million re[illegible]on). While these reductions may have some effect on the number of slots, the decrease will probably be less than the 4.3 percent reduction in funds.

With respect to the Job Corps, our general approach in accommodating the funding reductions is to find ways to increase successful program outcomes while reducing costs of the program. We are now finalizing strategies to implement the Gramm-Rudman-Hollings reductions.

Our first priority is to reduce overhead and support costs. These types of costs have been substantially reduced over the past three years, however, and we believe that only limited opportunities for further reduction remain. Similarly, contract center operating costs have been constrained through the competitive procurement process. Further cost efficiencies are not possible without basic changes in program design or analysis of the costs of federally operated centers on a competitive basis, now forbidden by an appropriation rider.

In order for Job Corps to operate within available resources, we may have to close two to eight Job Corps centers. We have developed a ranking system which is designed to retain the most effective and efficient Job Corps centers, while ensuring that we provide the best possible learning environment for Corpsmembers and maintaining a geographic distribution of

centers that maximizes equitable access for eligible youth. The criteria we are using include center operating costs, five year capital needs, center performance, location, quality of facilities, vocational skill training contributions, and community relations of the centers.

(b) Administration-proposed budget reductions

As you know, in our budget request we have proposed reducing the capacity of the Job Corps program from the 40,500 current slots to 22,000 slots, the level maintained before the program expansion in FY 1977. This will result in the closing of the most costly and inefficient centers, with the same criteria mentioned earlier being used in designating centers for retention and closure. We envision stronger linkages between Job Corps and local JPTA programs, and believe that through utilization of JTPA programs and linkages for the provision of services, the impact of Job Corps capacity reductions will be minimized.

(5) New programs, experiments or demonstration projects dealing with youth employment

As I mentioned earlier in my statement, the Department is moving ahead on a number of fronts in addressing the problem of high youth unemployment. I will briefly summarize some of these initiatives and would be pleased to provide to the Subcommittee additional information on the projects and other initiatives we have undertaken or plan to undertake in the youth area.

First, we plan to implement a number of pilot and demonstration projects to test innovative approaches and techniques in the Job Corps program. We anticiate that these efforts will result both in improvements in program effectiveness and in eventual cost savings. Some samples are:

- o projects using computer and audiovisial equipment to teach corpsmembers basic educational skills, to enable them to pass the GED or attain literacy levels at the ninth grade or above;
- o pilot projects to test competency-based curricula in vocational training of corpsmembers;
- o projects to provide services, for the first time, to enrollees who are severely physically handicapped, including those who are wheelchair bound;
- o projects to establish better linkages between Job Corps and other JTPA members;
- o projects to increase the utilization of existing center facilities to provide training to both Job Corps enrollees and participants in other training programs; and
- o establishment of linkages between the Job Corps and Federal, State and local agencies, and private sector organizations, to develop jointly administered programs.

Second, we are working to enhance JTPA services to youth by better targeting of resources in the Summer Youth Employment and Training Program (SYETP), by encouraging summer youth programs to include a remedial education component, and by encouraging States and Service Delivery Areas to design youth programs in which competency attainment is a key outcome.

Third, we have a series of initiatives that are designed to increase the level of literacy and basic skills training provided to JTPA clients. Let me give you several examples.

- We are funding the Summer Training and Education Program (STEP), which is being conducted by Public/Private Ventures. STEP combines remedial instruction in reading and math, life planning, and work in the summer program.
- JOBSTART, funded jointly by the Department of Labor, the National Commission for Employment Policy, and the Ford, Mott and Rockefeller Foundations, provides occupational skills training and remedial education to 17 through 21 year old disadvantaged dropouts.
- We are participating in the PLUS project, a series of ABC/PBS documentaries and related activities to heighten public awareness of the literacy problem. These will be followed up by the organization of community task forces in local ABC/PBS markets.

A fourth area involves projects being developed as cooperative ventures with the Department of Health and Human Services, the Department of Education, and other agencies. One purpose of these projects is to demonstrate that the systems delivering human services programs must be effectively merged at the local level. Again, let me provide some examples.

- With HHS we are funding 14 projects to develop workable models for local replication aimed at school dropouts, potential school dropouts and teenage parents. One project seeks to develop economic self-sufficiency for female youth using volunteer business mentors and part-time jobs contingent upon remaining in school. Another project will use private foundation matching funds to provide remediation and employment opportunities for severely at-risk youth in inner city neighborhoods. A third project will provide alternative education and employability development services for high school dropouts and teenage parents.
- We are also participating with HHS in supporting Services Integration Pilot Projects in four States. These projects are designed to promote integration of human services delivery and most explicitly identify teenage parents or pregnant teens as a target group.

- o With the Department of Education we are exploring the development of projects to help at-risk youth meet vocational training prerequisites and succeed in actual coursework, using alternative educational settings to increase the proportion of youth with severe educational disadvantages served by JTPA, and testing in JTPA the application of various literacy training approaches developed elsewhere in the Federal Government.
- o Another project, Cities in Schools, Inc., working under an Interagency Agreement with the Department of Labor, Justice, HHS and Education, is providing employability services, including basic education, to some 4,500 at-risk or dropout-prone youth in some 15 States.

Finally, because solutions to the youth problem require a wide variety of educational and social services beyond those available in employment and training programs, we have undertaken a major effort to enlist other resources. Secretary Brock has asked me to chair an Interagency Task Force on Youth that will serve as the focal point of Federal youth-related activities. Also, on June 10 we plan to hold a National Leadership Conference on Youth. This conference will be held in cooperation with the Departments of HHS and Education, with Secretaries Bowen and Bennett representing their Departments,

and will bring together a group of prominent national leaders in a working session to discuss the problems of at-risk youth in American society.

(6) Plans the Department of Labor may have regarding youth competencies and technical assistance or guidelines for youth program providers

Section 106 of JTPA indicates that performance standards for youth should include measures of youth employment competency attainment. We initially deferred on establishing a standard for youth competencies because of a lack of information and data on which to base such a standard. Following careful study, we have under review a proposal that we hope will help us better assess program effects on disadvantaged youth. We hope to specify new performance standards and reporting requirements for Program Year 1988 for youth competency attainment in basic academic and employability skills. The Department has proposed revisions in current reporting requirements for Program Year 1986 to collect the data necessary to develop the new standards.

The Department recently published and distributed nationwide a technical assistance guide entitled A Systems Approach to Youth Employment Competencies. This comprehensive guide explains what is required to institute a competency based system that meets local labor market needs and conditions and how to accurately measure participant achievement. The guide gives detailed examples and case studies of ways JTPA staff can expand and refine their youth competency systems.

Finally, the Department has sponsored training on measuring youth competencies at six locations across the country. These training sessions were cosponsored by the National Alliance of Business, the National Governors' Association, and the National Association of Private Councils and were attended by more than 800 representatives of States, Service Delivery Areas, Private Industry Councils, and service providers.

Mr. Chairman, this concludes my prepared statement. At this time I would be pleased to answer any questions that you or other Subcommittee members may have.

Mr. MARTINEZ. Before I start out with my frustration here, let me say that it isn't aimed necessarily at you. It seems you support the program, that you believe in the program. But it may be aimed at the administration, the coldhearted, callous administration, and maybe those Members of Congress who don't understand what it really means when you talk in terms, as you have, of reducing duplication and condensing programs. It sounds very, very efficient.

But the real bottom line is capacity in a program that even now isn't really serving enough of the youth that need to be served. Slots are the bottom line and it is money to provide those slots that is the bottom line.

This program needs more money, not less, and more slots, not less.

This program really reaches those that are fortunate enough to find out about it. Let me give you one example.

When I was in Los Angeles visiting the Job Corps Center there, I talked to a young man and my question to him, realizing that many of the young people there are dropouts but not necessarily all, was, are you a dropout. And he said, no, very indignantly. He said: "I am a force-out." And I asked him what he meant by force-out, and he said, "My environment, my family situation, my school situation, that all forced me out. I wanted to stay in school." And he said he was very disappointed with the family situation getting so bad that he had to seek a way out. He tried to join the Service and they wouldn't take him because he didn't have a high school diploma. He said, he was even considering suicide.

You know, he said, "There was nothing for me in the world." That was his attitude. But the recruiting officer told him about Job Corps, and said maybe he should enroll there, because he couldn't go back home, and they had a residency program.

You see, part of the problem is that when you try to make a more efficient program, you may eliminate what is considered to be the costly part of the program, the residency, but you don't eliminate the problems that create a need for a residency program.

And it was the residency program he was able to go to when he couldn't go home that made him able to complete. He told me with pride that he now had a future. Isn't that what the President said, let's provide the opportunity for young people so they can have pride in themselves and confidence in their future? I remember that in his State of the Union Message—wonderful words, but with no meaning, if you start cutting programs like this.

But that young man looked up on the wall and he said: "You see that poster there"—and there was a big poster of a Marine Corps unit, helicopter unit—and he said: "I have already signed a contract with the Service, as soon as I finish, in 1 week, I am going to be in the Service, I am going to be in training to be a helicopter mechanic." He said, "I know for whatever time I spend in the Service, when I get out, added to what the Job Corps has given me here, I will have a good job."

And that is the point, that is the bottom line.

Now, you may develop a program that would serve those people that don't need residency, but you will never replace the need for that residency, never.

Not all their slots are resident slots. A lot of centers, where the home environment doesn't impinge on their ability to learn, use those slots for people that don't need residency, cutting the costs down. They are doing their job of trying to make it as cost efficient as they can.

We ought to recognize that and we ought to start providing more funds for it.

There was another young lady in that program who took me through her section where she was getting training. She was going to become a nurse. She had no doubt that she was going to pass the State requirements, pass that State test, and get her license. No doubt at all.

And I said to the instructor there: "You know, a young person with this kind of confidence, with this kind of outgoingness, can't possible fail. Somewhere she will find a place to succeed."

She said: "Well you are looking at her now, you didn't see her when she came in. When she came in, she was a mess, and she was living at home. She wasn't getting anywhere. We took a good look and realized that it was the home environment that was detracting from her being able to absorb the training and good mental attitude that we were trying to instill in her."

She was willing to fight at the drop of a word, and had a terrible time getting along with her peers.

That course and the way it is outlined changed all of that for her and she became a positive person. And you talk about the costs and say that it is too costly to do this. I don't think it is. Mathematica Inc. has done a study; even the Department of Labor has agreed to its positive findings, even though their stats are conservatively skewed by the fact that they don't count the people that go into the Service or go on to other places where they can't trace whether or not they went on to a job. I guarantee that they went on to a job someplace.

But when you don't count those figures, you minimize the return. Even so, under questioning before you had your position, he agreed that, yes, the return on the Job Corps was closer to the $1.46 that Mathematica Inc. determined.

The point is that it is not costly when it returns money.

The only trouble is that the Government is funny. Unlike a business, where they say there is this much profit and some is put back into the business to continue it, and the rest of the protit is paid to whoever the partners of the business are, the Government doesn't do that. You just lump the money in there and forget about it. The Job Corps returned 46 cents on every dollar that was spent, and the Government made a profit.

And that money, if you noted it, would go on to pay for this program ad infinitum, and it should be provided. This is one of those Government expenditures that does return money to the Government, not only directly but in another way that is very important. Let me illustrate by telling you about a gang that existed in the southern part of the city where I was the mayor.

That gang was wreaking havoc on businesses down there, with vandalism, burglary, robbery, everything else you can think of.

And there was a young man down there who was a recipient of Job Corps training in New York City. He had moved out to Califor-

nia to use that training to create a business for himself. He started his business right there in that neighborhood, and he didn't like being vandalized.

And here is a guy that understood, because he was in the middle of it. There was a training program nearby; it wasn't Job Corps in this particular instance, but it was a program that is just as valuable. They had a skill center on Monterey Pass Road.

He took those kids down there, got most of them enrolled, and diffused the gang. There is no gang on the block anymore. They went on to find jobs.

So, the other way that this program really benefits society is by reforming those who would be causing crime problems or wasting citizens dollars by commiting vandalism. Nobody ever measures those dollars saved against this program.

I am telling you, this program is one of the most vital programs that we have for stopping a lot of that activity and to help those young people who are, as it is said many times, at their point of last resort. They have no place else to go.

If we continue to cut programs like this and cut 44,000, I believe you said, slots, to 22,000——

Mr. SEMERAD. We are talking about 40,500 down to 22,000.

Mr. MARTINEZ. That's almost 50 percent. You know, we are going to see the results in increased crime in the streets, increased frustration, increased suicide among young people, and increases in all of the things that our President has said he is against.

You talk about targeting funds, summer job training funds. Well, fine. But let's get the funds from everywhere we can. Let's take some of those discretionary funds that the Secretary of Labor has, and divert some of those funds to save this program.

This has been a big dissertation and I am supposed to be asking a question. Let me ask you one that is very important to me.

As I understand it, in the law there are criteria by which you establish these Job Corps centers. Are you using that same criteria—and I understood it to be geography, number of unemployed youth, unemployed youth rates and all that—are you using these to establish which centers are to be closed, if it comes to pass that you do have to reduce centers? I understand that there are seven centers slated for closing right now. Is that true?

Mr. SEMERAD. The decisions haven't been made on the centers that would have to be closed right now, in May.

Mr. MARTINEZ. You haven't made that decision yet?

Mr. SEMERAD. We are holding off. I think that we have somewhat of a dilemma here. We don't want to jump the gun on any of these decisions until the budget process is completed. I think that my pledge to you and to the Congress in previous outings really has been, whatever the final number is, we are pledged to do better.

I don't disagree with you at all. We are recognizing—you used the phrase in your earlier remarks, on human capital formation. The health of our society and our workforce is going to dictate in many ways how competitive we are as a Nation in the years to come and we are going to need these people.

The questions in terms of—it is more than the 46 cents on $1. It is the return to society of the productivity, the ability of these people, because we are going to have to pay.

So, I think that we recognize exactly what you are saying, that this is a program, really the only program of its kind that really addresses this population, which is really disconnected and disenfranchised.

So, my job is to do two things, to help protect the integrity of the Job Corps Program, and at the same time I have a responsibility to help the President reestablish the integrity of the Federal budget.

We have very little discretionary money at the Department of Labor which which we have to make the mark, if you will, that the Department of Labor had to make. A tough choice.

I have worked with these kids for 15 years. I agree entirely. I know that they are salvageable human beings if given the right opportunity, and that we need them, and the costs, the downside costs of not doing anything are a lot more than losing the 46 cents or the $1.46, or whatever it is. It is incarceration, it is welfare, it is drug dependency, it is all kinds of social services.

I use in my explanations really the very sophisticated economic principle, pay me now or pay me later. I mean, that is what we are dealing with here.

I think we can do better. I think that some centers, frankly, are not very efficient.

If I had my druthers, I would still close some inefficient centers and then open some other ones that are located differently and do maybe different kinds of things, maybe things that we have learned to do better over the years.

So, all we are doing really is going back to—our proposal is going back to the 1977 level before the last buildup of Job Corps. And traditionally Job Corps has gone somewhat in cycles. I am not saying that is a good thing. But we want to really reward the concepts and the people that run very effective programs in this country and at the same time, those that just aren't hacking it, I think, had better rethink how productive they are.

Mr. MARTINEZ. But what I am getting at is this—even when you cut out the inefficient centers and maintain the efficient ones, somehow the people that were being served by the inefficient ones, no matter now ineffective they were, need to be transferred or moved or shifted. The number of slots is the bottom line, and I don't really see how they can afford to be cut.

Now, even if you can increase the slot level by increasing efficiency, it is still going to take money because you have a bottom line dollar amount necessary per slot to afford it.

But let me go back to the question that I really wanted to ask and let me reword it in a little different way. Well, no, let me stay with this for just 1 more minute.

You are talking about pilot programs, new programs. You know, we have provided moneys for those programs, but I don't know how extensive those pilot programs will be.

But I would think, when you have a successful program like Job Corps and you want to cut out inefficiencies, that if you take that money and put it into other sites in order to maintain the number of slots, it would be a dollarwise, pilot program, an experiment.

We know that this program works. I would agree with you that there are some Job Corps centers that aren't as efficient as others, and concentrating on the ones that are more efficient, like the one

in Los Angeles, and providing more slots for them would be a better way to go than trying new programs at a time when money is so short.

Mr. SEMERAD. Well, we think also, Mr. Chairman, that there are probably better linkages with the private sector, with the JTPA programs, with PICS. We don't know all the answers to that, but I would like to explore that to see if we can't find ways to serve more.

Because, frankly, even if we have 40,000 slots, we are missing a large portion of the young people who are at risk in this Nation, but we have just so much money. And I think that the problem becomes a very difficult choice for us and I am waiting—we are going to try innovations, and when I say experiments, I think that we are not trying pie in the sky. These are things, all of which have been successfully done elsewhere that we think have a place in the Job Corps centers, and may or may not. And some things work in some communities that don't work in others.

Mr. MARTINEZ. Do you have any cost estimates at this time on these new pilot programs?

Mr. SEMERAD. We are talking maybe $10, $12 million. We are not talking about—that is about all we have to work with. But it gives us a start, and if it leverages interests and other things, then maybe we have got something. We hope to invest that well to increase that yield on those dollars.

Mr. MARTINEZ. Let me ask you about the criteria. I started to ask you. Let me rephrase that question so we can get to the answer quicker.

You have established the criteria by which you will be closing sites?

Mr. SEMERAD. Yes, sir.

Mr. MARTINEZ. Could you go over the specific criteria you are using with us?

Mr. SEMERAD. Yes. Basically, there are seven characteristics.

The operating costs, that really deals with the yearly costs per training position at each center.

The second one is the project capital outlays. This is how much money we are going to need for, as I say, new construction or facility rehabilitation at the center over the next 5 years. It is an important item.

Then you have center performance, which measures retention, placement, and vocational and academic achievement.

Then you move to the comparison of the current capacity distribution with the distribution of poverty youths. We need to ensure that Job Corps remains accessible to disadvantaged young people from all regions of the country.

The next item is the quality of the facilities, to make sure that we can provide a quality learning environment.

The next item is what the—the construction to the surrounding community, the center's capability to help the community in which it is located with trainee work projects that can improve public facilities and lands in that community.

And finally is really the element of community relations, the degree to which the surrounding community accepts and supports the center. In many communities, the Job Corps Center really is a

major component of the life of that area, and we recognize that, but also that is a variable.

So, those are the basic seven elements in our ranking system that we are applying to all centers, and we hope to retain, as I said, the most effective. We want to make sure we provide the best learning environments and maintain the geographical distribution that we think is appropriate.

Mr. MARTINEZ. Thank you.

Mr. Williams.

Mr. WILLIAMS. Thank you, Mr. Chairman.

Mr. Secretary, I am glad to hear you say a couple of things this morning. One is that the first priority of the department is to reduce overhead and support costs within Job Corps, rather than close the centers.

The second thing you said, I think, is particularly critical. In response to the chairman concerning the closures, you said, we don't want to jump the gun until the budget process is completed.

Now, I am on the House Budget Committee and Job Corps is one of my favorite Federal efforts. I see no indication in either the House or Senate that Job Corps funding is going to be cut. And yet your announcement, apparently, is very close, within weeks, and as I understand it you want the centers shut down fairly quickly after your announcement.

Square that for me with your statement that you don't want to jump the gun until you know what the budget is going to require you to do?

Mr. SEMERAD. Well, our program year begins in July. We would have to make decisions on the first—on these first half-dozen programs, which we have to make the decision next month about, and then probably the closures, because of ensuring that the participants can move to other centers and the other problems with closing out contracts that you are well aware of, we are probably talking October before anything really closes.

Mr. WILLIAMS. I assume, then, that the decision to make future closures, beyond the six, was what you were referring to when you said we don't want to jump the gun until we fully understand what the budget will be. Are you considering other closures, beyond the six?

Mr. SEMERAD. If the budget calls for closure, going from 40,000 slots to 22,000 slots, you are talking about some big decisions, big closures.

Mr. WILLIAMS. I take it, then, that the initial effects of Gramm-Rudman, the first sequester of approximately 4.3 percent, is what is encouraging the necessity to close these six centers.

Mr. SEMERAD. It is $27 million for us.

Mr. WILLIAMS. So, you are linking the closure of these centers to the sequester of the 4.3 in Gramm-Rudman, the sequester that you have already taken?

Mr. SEMERAD. We meet the 4.3 with, what, a 2-percent cut of slots, because we can redistribute some of those slots.

Mr. WILLIAMS. But was it the 4.3-percent cut in Gramm-Rudman that has occasioned the decision to close these centers?

Mr. SEMERAD. Yes; the first six or seven.

Mr. WILLIAMS. Let's say that the terminations go ahead. Do you intend to maintain the current slot level when you close those centers?

Mr. SEMERAD. No, we can't do that. As I say, we can save roughly half in slots. Rather than 4, we—we get to the 4.3- by a 2-percent cut by redistributing the slots.

Mr. WILLIAMS. Can you make plans for the corpsmen and corpswomen so that they will be not moved into other centers?

Mr. SEMERAD. No; all will graduate, they will all—first of all, remember that nothing would close because of the timing until the fall. Even if we started today. So, tbe current corpsmen will be taken care of one way or the other. They will graduate.

Mr. WILLIAMS. So, the incoming cycle will be closed and you will finish everyone that is in the center?

Mr. SEMERAD. That is correct.

Mr. WILLIAMS. Do you have a date when you are going to announce, if you make the announcement, when you are going to announce the names of the centers?

Mr. SEMERAD. Probably that would be the first week in May.

Mr. WILLIAMS. Will there be an appeals process established?

Mr. SEMERAD. I don't think so. I think the only thing that we are trying very hard to maintain would be if there was no information to measure, to do an evaluation by.

For the first group, though, we would be pretty far in the process, so I don't think that the appeal—but we are trying to keep a fluid situation in the—as we develop the model, as data would become available, because obviously data changes and organizations would have the opportunity to, I guess, appeal. I don't know whether we are thinking of it in terms of an appeal, but clearly we are not just going to slam the door and not talk to people about these things.

Mr. WILLIAMS. Are all six of these centers, assuming that there are six, ones that really should be closed, no matter how much money your office has? Or are they all being closed despite the fact that in different times they would remain open?

Mr. SEMERAD. Mr. Williams, I think it would be safe to say that these centers are less productive than others by a big factor, and by a measure of good management we would suggest that they should be closed.

Mr. WILLIAMS. How much money is available for construction for this year?

Mr. SEMERAD. Just over $30 million. We figure somewhere around $150 million over 5 years, and of course, as you know, that is a big bow wave that moves along the system because of the time that it takes to actually spend that kind of money.

Mr. WILLIAMS. Is there any 1985 money left?

Mr. RELL. Some 1985 money has been committed to construction projects but due to the length that it takes, oftentimes, to do the architectural design work and the actual construction, some of that money has not been expended yet.

Mr. WILLIAMS. Has it been obligated?

Mr. RELL. Yes, sir.

Mr. WILLIAMS. Can anyone tell me how much of the total amount of the construction money that is available to you is unobligated?

Mr. RELL. None of the fiscal year 1986 funds have as yet been obligated, Mr. Williams. They are not available for obligation until July 1. So, that would be the entire $30 million budgeted for 1986 that are available for obligation during that program year.

Mr. WILLIAMS. Would it be possible to use some of those moneys in order to keep all or some of these six centers open, some of these unobligated moneys that will either return to the Treasury or will be unobligated for perhaps another 12 or 18 months?

Mr. JONES. Well, I think, No. 1, they won't be returned to the Treasury, and No. 2, they will be obligated within the early part of the fiscal year.

No. 3, those funds are targeted for specific construction efforts on Job Corps centers to maintain the viability of the plan, and if we don't deal with that issue it would either present a serious health and safety issue or it will require a substantial increased obligation and expenditure the following year to address that same need.

You could delay it but it has distinct and disastrous impacts.

Second, by doing it, it doesn't make any cuts in the Job Corps expenditure rate. It simply delays the issue and increases the level in the outyear.

Mr. WILLIAMS. Inasmuch as one of your criteria for the consideration of a center's worth or consideration of closing a center is the outyear construction costs, as these six centers are closed and perhaps more following them, depending upon the budget that the Congress presents, it would seem to me there might be the possibility of saving some of the intended construction dollars.

Do you have any idea of how many dollars might be saved?

Mr. JONES. We don't have a specific number, but the impact there is not a one year impact. It is an out year impact. And I don't know, I guess we could project, if we got to the point of knowing how many centers and which ones, and deduct it from it, those projected costs, you could come to that figure by going out 4 or 5 years. It would be fairly soft, but you could do that.

Clearly, that is a part of the larger proposal as we move into cutting that, to try to minimize the impact by reducing those centers which have heavy-duty front loads. A substantial part of the savings can come from that.

Mr. WILLIAMS. Mr. Secretary, are the indications you have given us in your remarks concerning new efforts in your office identified as Job Corps II?

Mr. SEMERAD. Yes; it is, sir. I touched on it a little bit before. I think that while we can agree that the Job Corps has been an effective intervention for at-risk youths, I don't think any of us would be comfortable that we necessarily have all the answers.

A lot of things have been developed by the operators and by various communities that are plus kinds of elements to the quality of the programs. We would like to take those things, perhaps more broadly apply them, and develop new ones.

I think the linkages are important. I think one of the things that my office is doing a great deal is trying to figure out how to deal with budget constraints at the same time to continue to serve as many young people who are having difficulties connecting up in this economy, in this society, and it is not just Job Corps.

Job Corps really is a program among programs that we administer, and we are trying to do a better job, and clearly money itself is not the entire answer. I think that the success of the Job Training Partnership Act, especially in the local communities, has been because of the linkage with the private industry councils, the education system, and the business community.

We have to keep that ball moving, I think, to try to figure out as a society—and it isn't just my responsibility, it isn't any of us—none of us own this, the communities own this, and we have still got a lot of resources out there that could be better targeted, and I think Job Corps II is a critical element to the most severely at risk young people.

I believe that we can do better than we are doing, and I think that is part of the challenge here.

Mr. WILLIAMS. Finally, Mr. Secretary, the Congress also does not believe that money is the sole answer to any of these problems. I know there are a great deal of indications from high places in Washington that there is a majority in the Congress who believe you can solve problems simply by throwing money at them. In fact, that isn't true.

The Congress has always thought that what was needed was innovative, new, exciting approaches. Now, oftentimes, these approaches have to be followed by additional dollars, although sometimes they are not.

In speaking of additional dollars and new and innovative approaches, you have indicated, and I accept, that you are a supporter of the Job Corps concept.

We have had a small reduction, a very small reduction, in Job Corps funds and the response, perhaps inevitable, is that six centers have to be closed.

The Job Corps now has available to it about $613 million, after Gramm-Rudman, and that $613 million isn't enough money to keep all the Job Corps centers open. Therefore, you are going to have to close six of them.

What would have happened, sir, if it was in the President's proposal to cut back from $613 million to $352 million? What would have happened to Job Corps if the Congress of the United States accepted that kind of a cut? Instead of freezing Job Corps and giving $613 million, what would happen if we give you $352 million? What happens to the Job Corps effort of which you speak so highly?

Mr. SEMERAD. I think that clearly we are into a very difficult situation where we have to make hard choices, and again, we save ha[illegible] the program. You give it half the money.

The problem is that a lot——

Mr. WILLIAMS. You have asked for half of the money. When you propose we only give you half, or rather we give you what the President and you, yourselves, support, then what happens? It is six centers now. How many would it be then?

Mr. SEMERAD. It would be 50, at least.

Mr. WILLIAMS. This is from people who like Job Corps, am I correct?

Mr. SEMERAD. That is correct.

Mr. WILLIAMS. Thank you, Mr. Chairman.

Mr. MARTINEZ. Thank you.

One of the things that Mr. Williams comments brought to mind is, when you talk about the need for reductions, and when you talk about the savings that you might make here and there, those savings should really then relate to slots. So, any savings you make should be converted to maintaining slots.

The other thing is that you have to understand that if you make a final across-the-board reduction from 44,500 to 22,000 slots, in many instances a lot of those Job Corps centers that lose slots will close because slots are directly related to their overhead—in other words, say a center has 600 slots now and their budget is predicated on a portion of their per-slot money going for training and for overhead; if their slots are reduced by half, they are very likely going to have to close up because they can't maintain. It is like any business.

If you maintain a business at a certain level based on using the money that you will be earning from your product to cover the cost of your operation, and if you have a certain size building that houses a certain number of employees, and then you reduce production, you are not going to be able to maintain the original level. You wouldn't have enough profit. This is the big fear I have, when you talk about such a drastic reduction in the number of slots. I think that this fear is shared by a lot of the Job Corps operators, Job Corps center operators—when you cut the number of slots in their center, you are actually eventually closing that center up by that action.

Mr. SEMERAD. Mr. Chairman, I think that I agree with what you say. That is not our intention, though, to make across-the-board cuts in slots and everything else.

What we want to do and the reason we elected to close centers, as opposed to just, say, assign everybody a piece of the pain, if you will, we want to make sure that the integrity of the programs that are successful remain, that they are not penalized, that those that remain open remain open at current levels or perhaps even through the various innovations or changes we can increase the number of slots there.

But we have fixed costs, and one of the things I discovered in trying to figure out how to meet your budget mark in my efforts over the last few years, is that both the Department of the Labor and the contractors have really wrung out a lot of the slippage in the overhead in some of these costs through better management techniques.

So, there wasn't even the prospect of beginning to find millions here, millions there by assessing across the board.

I just think that what we want to do, the ones that we are able, every program and every site that we are able to keep open, we want that to keep open as a strong thing. So, we are not chipping away at that to reduce the quality of the program at that center.

Mr. MARTINEZ. Thank you.

Mr. Hayes.

Mr. HAYES. Thank you, Mr. Chairman. I apologize for being a little late, because my interest and concern in this program is particularly keen.

Mr. Secretary, I represent a district where unemployment runs somewhere about 18 percent total, 92 percent black. So, for the black youth, the unemployment ratio hovers somewhere between 50 or 60 percent.

Hence, I am really concerned about what we are going to do about it. The mayor tells me that the city of Chicago will have 16,000 less jobs for our youth in the summer program this year than we had last year, I can't help but wonder what are we going to do to take up the slack.

I have a lot of respect for the Secretary of Labor Brock, although we disagree on some of his approaches and some of his opinions, but I do think he genuinely has some concern for the plight of the youth.

I was just reading on page 3 of your statements, you said, "Dealing with youth unemployment is one of Secretary Brock's highest priorities."

And as we move ahead on a number of fronts and addressing the issue, you point out several ways you are going to move, working with our other Federal agencies to develop a range of cooperative ventures for unemployed youth, identifying practical models for attacking unemployment and encouraging employment and training to implement these models, consulting youth experts around the country—who are they? So I can tell them in Chicago who the experts are, can you tell me?

Mr. SEMERAD. I think there are a lot of people around the country who have been a part of, for the last 20 years, successful programs and thinking about this. As far as individual names, I don't want to get into that. But I think that clearly there are responsible people that have hung in there through a variety of programs and Federal schemes and have been very successful and have great concern with the problem, that we all have to share somewhat of the responsibility, I am sad to say, because even though we have been very dedicated we still have, as you point out, some enormous problems for these young people.

And I worry about it because as their window of opportunity that we are trying to help them moves along and we still haven't figured out how to be most helpful, they are getting older. So that the problems become middle aged, carrying some of these same problems.

But as far as the experts, we are just calling in a lot of people and saying, we have got to look at this very carefully, and these are from across the spectrum of American society.

Mr. HAYES. You say you are proposing an employment/target the Summer Youth Employment and Training Program to areas with concentrations of disadvantaged youth. That is my district, particularly. We have got a lot of disadvantaged youth there. That is Chicago, south and west side of Chicago. So, I would hope that—it looks like you have got a rather strange way of doing that, though, if we are going to wind up with less jobs this year for summer youth than we had last year.

Mr. SEMERAD. Well, if we can target 85 percent of the young people at risk and the young people who this program is designed to help, they live in urban areas, live in your type districts. And yet under the current formulas, we have funds going elsewhere,

which is not good news for a Member of Congress from a rural area, but we would like to have the formulas targeted better to do more where the greatest number of young people are.

So, I think the targeting is important. Also, you will see that we would like to encourage more remediation, the literacy kinds of training.

I would also say that I was a little surprised to find that there wasn't as close a linkage between the private sector hiring kids in the summer program with our Public Summer Youth Training Program. So, we are linking that up.

So, maybe we can get a greater critical mass of awareness and jobs between what we provide under the Summer Youth Employment Program and the private sector, and have them much better coordinated, and also, if communities, which as you know they can now under the law, put in literacy components while we have got all these young people—I say all, probably that is a safe assumption—are at risk in the literacy area, and while we have got them, giving them some work experience and some money in their pockets, if we could also help them with their reading, I think we would be doing a better long-term job for them.

Mr. HAYES. One final question. I realize I am running out of time. This sort of piggybacks on the question of my colleague from Montana.

In checking Gramm-Rudman-Hollings, and if you find what my colleague from Montana said is in fact true, would you then rescind the order to close these Job Corps centers?

Mr. SEMERAD. Well, we haven't made the order, in the first place, and I would think that what my pledge to you is that with the resources available, we hope to do a better job. And if we have small centers that aren't very efficient, that should be closed in favor of using that money to go to more efficient sites, either existing or new sites, I would say that I would like to have the flexibility to do that, yes, sir.

Mr. HAYES. So, you are saying you may or may not?

Mr. SEMERAD. We may, yes.

Mr. HAYES. There is a chance for reconsideration, at least in some of the centers that you plan to close?

Mr. SEMERAD. Yes, I think that while certainly the budget constraints drive some of these decisions in the immediate sense, clearly good management would dictate, and evidence would show that we can get more return on the investment of the taxpayers' dollar.

Mr. HAYES. Just don't shift all this money from these closed corps to the experts, hear.

Mr. SEMERAD. Yes, sir.

Mr. HAYES. Thank you, Mr. Chairman.

Mr. MARTINEZ. Thank you, Mr. Hayes.

Mr. Semerad, thank you very much for being here this morning and sharing your thoughts with us. We look forward to keeping our avenue of communications open so that we might give you input as to how some of the Job Corps centers are operating and how they feel about the cuts and other things that are happening.

Mr. SEMERAD. Thank you, Mr. Chairman.

Mr. MARTINEZ. Before I call our next panel up, I am going to announce that Mr. Perkins, the Congressman from Kentucky, has

asked that we show a short video on the Kentucky Job Corps activities. You are going to show that after the hearing, all right? Very good.

Our next witness is Mr. Hollister.

Dr. Robinson Hollister is from the department of economics, Swarthmore College. Would you begin, please?

STATEMENT OF ROBINSON HOLLISTER, DEPARTMENT OF ECONOMICS, SWARTHMORE COLLEGE

Mr. HOLLISTER. Thank you, Mr. Chairman and members of the committee, for giving me a chance to discuss with you the youth employment problems and the situation with respect to the Job Corps.

You have my full testimony available, and let me just make a few remarks summarizing parts of that testimony.

First of all, with respect to my qualifications to talk to you on these issues, I have been working on social programs for some years, but most recently I was chairman of the Committee on Youth Employment Programs of the National Academy of Sciences, which ran from October 1983 to November 1985, at which time we issued our final report.

The task of that committee was essentially to try to look at the evidence on youth employment problems and the programs and to assess what was known about what types of programs worked for which parts of the population.

The committee was made up of a group of experts drawn from a number of disciplines, and in my testimony you have the list of all of those members of the committee.

I do want to emphasize that I speak here as an individual. I can only speak for the committee to the extent that I actually am quoting the report and the letters that they have specifically endorsed.

With respect to the current employment and training situation, which you asked me to address, I think it is clear, as the remarks made before by both the chairman and the previous testimony, made clear, that the youth employment problem remains substantial despite the economic recovery.

In January 1986, youths age 16 to 24 were out of school, had a chance of being without a job of 30 percent, and this was a lot worse for females, 38 percent had no job, Hispanics, 42 percent, and for blacks, 48 percent.

This differential in employment chances between the white majority and the minorities and between males and females really emerged in the 1970's in this worsening trend of the relative position of the minorities.

So, it is absolutely clear, I think, now and as a result of the research during the 1970's that the employment problems of youth are disproportionately severe for minority group, inner-city low-income, school dropouts.

With respect to the current training situation, I find it harder to characterize it because there is not really a great deal of information available, or at least I am not aware of it.

The funds available under JTPA for youth training and employment are about 60 percent less than they were on average during the period of 1978 to 1981.

However, the fact that out of those funds, 40 percent of the JTPA funds are earmarked for youth shows at least some continuing concern for the problems of this population.

It is too soon, of course, to tell about the effectiveness of the JTPA programs that are new. I am encouraged by the fact that the Department of Labor has begun to take steps to put in place the kind of evaluation that they will need to have in order to tell what is effective.

A lot of the innovations that Mr. Semerad talked about, as I understand it, will be assessed on grounds in which we really can tell whether they work and under what conditions.

With respect to the Job Corps and its success, in my testimony I have quoted at length a letter that was written to the Department ot Labor at their request about a year ago, giving the committee's view about what could be said about the successfulness of the Job Corps.

In our review, we went over 400 reports on various youth employment and training programs, and the evaluation of the Job Corps stood out as amongst the two or three best in the quality of the evaluation.

That evaluation had a very good design, a strong comparison group, high quality data on large samples, low attrition rates, and most importantly, a long post program followup, so that we could establish on rather good, sound grounds the evidence on the effectiveness or lack of effectiveness of the Job Corps.

Let me just repeat a couple of the conclusions which you all well know with respect to the various dimensions in which the Job Corps was found to have an effect.

First, it raised employment and earnings, raised earnings by about 28 percent over what they would have been for the comparable group had they not had the Job Corps experience.

It lowered the use of welfare and unemployment benefits. They raised educational attainment. The probability that a Job Corps graduate would have a GED or a high school diploma was three times—five times as great as that for the comparison group youth.

It improved their health. It reduced crime.

Most importantly, these effects were sustained over the whole 3½-year period in which it was possible to follow up these Job Corps graduates.

So, I think in all of these dimensions, the effectiveness of the Jobs Corps has been established by this evidence.

With respect to the cost effectiveness of the Job Corps, I want to call your attention to the fact that I believe that this is the best benefit-cost analysis that has ever been done on any human resource program. It is extremely high quality benefit-cost analysis and this is a widely shared opinion in the academic community concerned with such evaluation.

The methodology used was clear, sound, explicit. The range of outputs and inputs measured in the benefit-cost study was unusually wide. And, as in any benefit-cost studies, where assumptions had to be made those assumptions were tested, the sensitivity of the re-

sults to those assumptions were tested so that you could clearly see whether the assumptions made all the difference or not in coming out with the benefit-cost study, because no benefit-cost study, given the state of the art, is beyond some question. But at least here the results and the range of results are clearly reported for anyone to see.

Well, the bottom line on the benefit and cost analysis was that in 1977 dollar benefits exceeded costs by about $2,300 per enrollee. That includes the enrollees who never completed the Job Corps.

That is when we look at the program from the social point of view, from the point of view of the participants themselves. Benefits exceeded costs by $2,400.

From the point of view of nonparticipants, benefits and costs about balanced out, a slightly less payoff in terms of benefits and in terms of costs.

I would be happy to talk some more about the technicalities of the benefit-cost analysis, if anyone feels that would be productive.

However, let me now turn to the question that you asked me to address about cutbacks in the Job Corps.

It is clear that the dropouts—I said at the beginning that problems, employment problems for dropout youth are by far the most serious problems. In fact, our committee concluded that as a conclusion of the committee and they recommended that the school dropouts be given priority status for employment and training programs and research.

This is the population that the Job Corps serves, so it is clear that that recommendation for priority carries to the Job Corps.

The evaluations of the program effects and the benefit and cost analysis establishes the effectiveness of the program.

Especially in a period of budgetary stringency, it would seem that a program whose social benefits have been established deserves maintenance over those whose effects and net benefits have never even been assessed.

One of the most important things about the Job Corps which our committee noted was that it has been a long-term program, that as most of us as social observers have noted that both the Congress and the Executive have not been exactly strong in staying with programs for a long time to let them learn from their mistakes and to let them stabilize and try to correct their processes. The Job Corps is an exception in this regard.

While the funding has gone up and down, at least there has been continued Job Corps programs over a long period of time, and it seems little question that some of their ability to get effects has to do with their ability to stay in business and to learn from their mistakes.

We did, however, in looking at the Job Corps, were only able to talk about the overall effectiveness of the Job Corps. We were not able really, from the evidence that is available, to what I call unbundle the effects of the Job Corps.

The Job Corps is a complex program, including the residential element, the educational elements, the skilled training, the health services, the job search counseling, and so on. But there are no really reliable and good studies that tell us how the Job Corps at-

tains its overall effects, how important is the residential part, how important is the character of the educational programs.

Now, I understand that the Department of Labor is trying, through some of their studies that were mentioned by Mr. Semerad, to unbundle these effects, to establish the relative effectiveness of the different parts of the program. And it might be possible, if that were done on a consistent basis, to repackage the Job Corps Program in a way that would be even more cost effective than it currently is.

But those studies are going to take some time and in order to do those studies you obviously have to have the Job Corps running during that period of time.

Well, having provided a period of stability in order for the program processes to become well established, having invested the time and the resources for a sound, highest quality evaluation of the program to be completed, having the evaluation established that the societal cost effectiveness of that program was great, it would seem a peculiar brand of madness to proceed to cut back and dismantle the program itself.

Let me then just give you the final recommendation that perhaps I should have given at the outset.

The recommendation of this committee of the National Academy of Sciences is: Opportunities to enroll in the Job Corps should continue to be provided for the out-of-school youth population.

Thank you.

Mr. MARTINEZ. Thank you.

[The prepared statement of Dr. Robinson Hollister follows:]

PREPARED STATEMENT OF DR. ROBINSON HOLLISTER, PROFESSOR OF ECONOMICS AND CHAIR, DEPT OF ECONOMIC, SWARTHMORE COLLEGE

Chairman Martinez and Subcommittee Members

Thank you for giving me the opportunity to share with you some views about the nature of youth employment problems and the role of federal government programs in ameliorating those problems.

Your committee has asked me to address the following issues:

(1) the current employment and training situation for hard-to-serve youth; (2) the success of the Jobs Corps in Addressing the special needs of these youth; (3) the cost-effectiveness of Job Corps; and (4) the need to avoid budgetary cutbacks in this vitally important program.

First, a few words about the qualifications which give me some basis for discussing these issues with you.

I have worked over a number of years on the assessment of the effects of various social programs, but, in particular, I feel I have some grounds for presenting views on youth employment problems and programs on the basis of the experience I had from October 1983 to November 1985 serving as chairman of the Committee on Youth Employment Programs of the National Research Council of the National Academy of Sciences.

Our committee was formed in response to the request of the U.S. Department of Labor that the National Research Council undertake a study assessing knowledge about youth employment and training programs[1]. The committee included members of many disciplines who have been involved in one way or another in the analysis of youth problems and programs or in the actual operation of employment and

---

1. The specific charge to our committee is described in section ... below.

training programs[2]. We sought to review all the available information on the nature of the youth employment situation and how it has evolved over the the past 25 years. We reviewed and assessed all the reports available on youth employment and training programs conducted and funded under the Youth Employment and Demonstration Projects Act from 1978 through 1981, as well as a number of studies of other related youth programs. Our findings, conclusions and recommendations are published in an extensive final committee report[3].

I speak to you, of course, as an individual and not as a spokesman for the entire committee, except where I quote directly from the final report and letters which the individual members of the committee have specifically endorsed; individual committee members' views may differ substantially from my own on many concrete issues.

I. The Current Youth Employment Situation

In January of 1986 if you were between the ages of 16 and 24 and were out of school there was a 30% chance that you were without a job. If you were female the chance of no job was 38%. If you were Hispanic the chance was 42% and if black the chance was 48% that you had no job.

It's clear that we have a youth employment problem today. Moreover there is a substantial difference between employment chances of non-whites and whites. This is true even for youth who are in school, where the employment rate for non-whites is half of that for whites.

---

2. The members of the committee, beside myself, were: Robert F. Boruch, Department of Psychology, Northwestern University; Raymond J. Carroll, Department of Statistics, University of North Carolina; James S. Coleman, Department of Sociology, University of Chicago; Roberto M. Fernandez, Department of Sociology, University of Arizona; Judith M. Gueron, Manpower Demonstration Research Corporation, New York; Joel F. Handler, School of Law, University of California, Los Angeles; Patrick W. Moore, San Diego Regional Employment and Training Consortium; Ronald L. Oaxaca, Department of Economics, University of Arizona; John Ogbu, Department of Anthropology, University of California, Berkeley; Paul Osterman, Department of Economics, Boston University; Paul E. Peterson, Brookings Institution, Washington, D.C.; Harriet B. Presser, Department of Sociology, University of Maryland; William J. Wilson, Department of Sociology, University of Chicago; David A. Wise, John F. Kennedy School of Government, Harvard University; Charles L. Betsey, Study Director; Mary R. Papageorgiou, Research Associate; and Charles Turner, Senior Research Associate.

3. Youth Employment and Training Programs: The YEDPA Years, Charles Betsey,, Robinson G. Hollister Jr. and Mary R. Papegeorgiou, editors, National Academy Press 1985

Not only is the current situation bad, but a look back at its evolution over the past 25 years is even more discouraging. There has been a worsening long-term trend -- which emerged clearly in the 1970s -- in the employment rates of youths relative to adults, even when measured from the peak of expansion of one business cycle to the next. Furthermore, the data reveal substantial differences in that trend according the the race and sex of the youths; the long-term trend in employment was much worse for minority, principally black, groups than it was for the white majority.

The most revealing picture emerges from data on employment-to-population rates that separate subgroups of the youth population by race,sex, and school status. Those data show that from 1964 to 1978 there was a growing gap between the employment-to-population ratios of white and black youths, for both in-school and out-of-school youths. For in-school youths, employment rates for whites were growing while rates for black males were falling and those for black females were not growing as fast, yielding an increasing black-white gap in employment rates.

While some may regard in-school employment opportunities of lesser importance, researchers have found that, holding measured characteristics constant, those youths who work during school years have higher employment rates and wages after their school years. This finding may simply reflect that youths who are more motivated (a characteristic unmeasured in studies) both seek work more energetically while in school and seek, find, and perform work better after school, but the possibility cannot be excluded that the in-school work experience per se enhances later employment and earnings. If so, the growing black-white in-school employment gap foreshadows a later out-of-school black-white gap in employment and earnings.

The black-white employment gap for out-of-school youths also grew during this period for both males and females, And this occurred while the previously existing gap between blacks and whites in years of schooling attained was substantially reduced. Given the generally acknowledged positive relationship between years of schooling attained and employment and earnings, this reduction should have narrowed the employment gap between blacks and whites; however, it did not do so, or not sufficiently to offset other factors widening the gap. Research further shows that within this out-of-school group, employment problems (lower chances of getting a job. lower wages when a job is obtained, higher chances of losing a job, longer periods of remaining without a job, having lost one) are highly concentrated among minority-group, inner-city, low-income, and high school dropout youths. For those with combinations of these characteristics the problems are compounded. Finally, it is apparent that young unwed mothers have very serious and special problems in qualifying for, finding, and

holding jobs, especially at earnings sufficient for their families' economics viability.

In the 1980s the United States has experienced both the deepest recession since the 1930s, which reached its trough in 1983, and a sharp economic recovery. There has also been a notable decline in the absolute size of the youth population since it reached its peak in the early 1980s. It seems reasonable to ask in light of these events if the nature of the youth employment problem has substantially changed, in its general configuration, from what it was at the end of the 1970s. The answer is: at the beginning of 1986 the employment problems of youths are of about the same magnitude and configuration as they were at the end of the 1970s, including racial differentials.

I find it much harder to characterize the current training situation for youth. It is clear that there has been a sharp reduction in training funds available for youth from the historically unprecedentedly high levels under YEDPA from 1978 to 1981. During those years federal spending on employment and training programs earmarked for youth average about $2 billion per year. Under the Job Training Partnership Act total federal spending is about $2 billion per year, and 40% of it is earmarked for youth training, showing a continuing governmental concern to address the employment problems of youth.

Of course, total funding levels doesn't tell us much about the adequacy of the efforts. To answer that question we need to know what precisely is being done with the funds and must try to ascertain what the likely effects of those employment and training efforts are upon the employment problems of youths. So far, we lack full information about what is currently being done with youth training funds and it is far too soon to tell what the effects of new efforts under JTPA on youth employment problems are. What is important is that steps be taken to assure that the information on these programs is being gathered in such a way that we will be able to say with confidence, a few years from now, what the effects of various JTPA programs on the life chances of youths are. I am greatly encouraged by the fact that the Department of Labor is, apparently, in the process of designing and funding the kind of evaluation studies which our National Academy of Sciences committee felt were necessary in order to determine the effectiveness of JTPA programs. (I come back to this point below).

But if we don't have adequate information on the effects of the full range of JTPA programs, there is one program currently funded for which we have a great deal of information - information which allows us to say with confidence what its effects are. That program is the Job Corps.

II. The Success of the Job Corps

Before talking about the finding of our National Academy of Sciences committee with respect to the Jobs Corps, a bit more background will help to sharpen the conclusions.

Our committee began its task of assessing what is known about the effects of youth employment and training programs ("what works, for whom") facing over 400 reports on various programs. After screening these reports by applying what we considered reasonable, minimal social scientific standards for constituted reliable evidence, we ended up with only about 30 reports. The report on the evaluation of the Job Corps stood out as among the two or three most complete and highest quality evaluations. I mention all this in order to try to establish that our conclusions about evidence on the Job Corps effects were not arrived at impressionistically or casually, but rather as a result of a screening and analysis in which hard standards of admissible evidence were applied.

The most straightforward way for me to report to you the committee's views on the effectiveness of the Job Corps is to quote to you fully the letter which the committee. at the request of the Department of Labor in February of 1985, jointly composed and unanimously endorsed:

In 1983 the U.S. Department of Labor requested that the National Research Council undertake a study of youth employment and training programs, focusing in particular on the programs developed and carried out under the Youth Employment and Demonstration Projects Act between 1977 and 1981. In response to that request the Committee on Youth Employment Programs was established in October 1983. (A list of committee members is attached.) Our charge was to:

- Review what is known about the effectiveness of the principal types of YEDPA programs;
- Assess existing knowledge regarding the implementation of youth employment programs;
- Evaluate the YEDPA research strategy;
- Summarize the lessons learned from YEDPA for future policy development and program implementation.

This report is in response to a request from Dr. Fred Romero, Administrator, Office of Strategic Planning and Policy Development, for any information the Committee can provide at this time regarding the effectiveness of youth labor market programs, especially the Job Corps Program. Although its evaluation of other youth programs is still in process, the Committee on Youth Employment Programs is able to offer its assessment of the Job Corps based on the best evaluation evidence available.

The Committee's findings with regard to the Job Corps are part of an ongoing comprehensive review and study of youth employment problems and programs (as indicated in the mission statement). We are able to report our conclusions regarding the Job Corps because it stands out clearly as a program for which there is strong evidence regarding effectiveness: there are few other evaluations of youth programs from which the committee can draw conclusions about effectiveness with such confidence.

A principal point emerging from our review of the nature of youth employment problems is that these problems are particularly severe for school dropouts, and especially for black and Hispanic youth. For example, in October 1983, when unemployment rates among adult white males (age 35 to 44) averaged 5.2 percent, the unemployment rates for male and female 16- to 19-year-old school dropouts were 29 percent for whites, 31 percent for Hispanics, and 57 percent for blacks. It is noteworthy that the enrollees in the Job Corps have been predominantly from this group: minority group school dropouts.

The Job Corps is in many respects unique. It is distinguished by the population it serves, the comprehensive nature of the services it offers, its stability as a program, and the quality of the evaluation that is available on it. We note that these last two points are probably not unrelated. The Job Corps serves a severely disadvantaged population: about 90 percent of the Job Corps enrollees were either from households below the poverty line or receiving welfare benefits; more than 75 percent were minorities. Furthermore, despite the fact that the median age of Job Corps enrollees was about 18, their median reading levels were at or below the 6th grade level. The Job Corps is run in a residential setting, and provides a combination of services that include health care, basic skills instruction, skills training, and counseling. The Job Corps has existed for 20 years; few programs have had such stability. The program is currently serving about 102,000 youths per year in 41,000 slots; i.e., enrollees averaged just under 5 months participation. At the time of the evaluation we reviewed, about 70,000 participants were being served per year.

Although the Job Corps has been substantially modified since it was first established in 1964, most evaluations of the program prior to the study by Mathematica were based on the experiences of those who participated in the Job Corps during the mid-1960s. A series of surveys by Louis Harris and Associates served as the primary data source for researchers attempting to estimate the impact of the Job Corps. These early studies had conflicting findings. For example, one study (Cain, 1968) found that participants earned $188 to $260 per year more than 'no-shows' (those who enrolled but never participated) 6-months post-program. Another study (Woltman and Walton, 1968) found no significant difference between the earnings of the Job Corps enrollees and early terminees (those who remained in the program less than three months) 18 months after participation.[1] Taken together, these early findings suggested that Job Corps had a short-term impact that decayed (faded) fairly quickly (Goldstein, 1972).

The evaluation study by Mathematica (Mallar et al., 1982) that the committee reviewed was the most extensive and sophisticated of the studies of the Job Corps undertaken over the years. Unlike most evaluations of other youth employment programs that the Committee reviewed, this study:

a. Was based on a large sample of program participants (2,800) and nonparticipants (1,100) who were similar in most respects to Job Corps participants. The nonparticipants were youth eligible for the Job Corps residing in geographic areas where the Job Corps enrollment was low.

b. Gathered data on the participant and comparison groups for a reasonably long time after the program so that it was possible to establish the degree to which post-program effects exist and persist or decay. The third follow-up interview was conducted 42 to 54 months after the program period.
c. Had low rates of attrition in the follow-up samples of participant and comparison group members. The third follow-up survey was completed by 70 percent of those who completed the original baseline questionnaire, 65 percent of participants and 75 percent of comparison group members.
d. Took measurements on a wide variety of factors that could be affected by, or affect, the Job Corps experience, including: educational attainment, the value of economic production by Job Corps participants, receipt of welfare and other transfers, the extent of criminal activity, unemployment rates, employment rates, hours worked, and wage rates.
e. Used a comparison group methodology in a way that was as careful and technically sound as the state of the art permits.

The study also took careful accounting of full program costs and included an extensive cost-benefit analysis.

The essential finding of the evaluation is that the Job Corps "works." In particular:

a. On average, participants in the Job Corps were employed about 3 weeks per year (13 percent) more than nonparticipants up to 3-1/2 years post-program, and their earnings gains after leaving the Job Corps were estimated to be $567 per year higher in 1977 dollars (28 percent) for enrollees than they would have been in the absence of the Job Corps experience. The amount of time that Job Corps enrollees received cash welfare or unemployment compensation benefits was lower by 2 weeks per year and 1 week per year, respectively, compared with nonparticipants.
b. The educational attainment of participants increased substantially while they were in the Job Corps: the probability that enrollees would receive a high school diploma or its equivalent (GED) within the first six months after leaving the Job Corps was .24 for enrollees compared with .05 for comparison group members.
c. Overall, the health of the Job Corps participants was better than that of nonparticipants after the program; participants reported about 1 week less per year of serious health problems.
d. Criminal activity, as indicated by rates of arrest, were significantly lower for participants during the period of the program, and after leaving the program they had fewer arrests for serious crimes than nonparticipants.
e. After an initial 6-month period post-program when enrollees fared worse than the comparison group in terms of employment and earnings, the aggregate positive effects of the Job Corps persisted at a relatively stable rate throughout the 4-year follow-up period. This outcome suggests that the main effects of the Job Corps do not stem from job placement.

We note that these overall effectiveness estimates included all participants, early leavers as well as those who followed the Job Corps course to completion.

Furthermore, when the benefits and costs of the program were estimated--in the study's quite detailed and sophisticated benefit-cost analysis--it was found that from the view of society as a whole, the net present value of benefits exceeded costs by $2,300 per enrollee (in 1977 dollars). From the view of participants, benefits exceeded costs by $2,400 on average. In the case of nonparticipants (i.e., private benefits and costs) a net cost of $115 per enrollee was incurred, representing a net redistribution of resources from nonparticipants to the Job Corps participants.

The estimated benefit-cost difference is particularly sensitive to the assumptions regarding the magnitude of the effect of the program in reducing crime. However, even when it is assumed that there are no post-program crime reduction benefits, the net present value of the program to society is still positive, about $500 per enrollee.

The committee has some remaining reservations about the Job Corps evaluation that are largely technical in nature. While the analysts appear to have done a thorough job in attempting to correct for any bias in the estimated effects, the lack of randomly assigned treatment and control groups leaves open the possibility that some amount of self-selection bias may exist. In addition, we do not have sufficiently detailed evidence that allows us to "unbundle" the elements of the Job Corps program and determine whether (or for whom) the residential element of the program is critical; whether the health component is essential; and whether the skills training offered adds to any effects that the basic education elements may have created--or vice versa.

On the basis of our review, the committee concludes that the Job Corps serves a significant portion of the disadvantaged population effectively and that society receives a reasonable return on the resources it invests in this program. Given the residential nature of the program, the fact that centers are for the most part in rural areas (many are located at former military bases), and the cost, it is not surprising that the Job Corps serves a relatively small proportion of all youths. What is of major importance is that the Job Corps appears to effectively serve those among the disadvantaged population who have been provided the opportunity to enroll.

III. The Cost-Effectiveness of the Job Corps

The letter from the committee comments on the estimates of the benefits and costs of the Job Corps and concludes clearly that the positive cost-effectiveness of the program from the view of society as a whole was soundly established. I will not try here to address technical details of the benefit-cost study, though I will be happy to do so in discussion if you desire. I wish to add only a few observations of my own on that subject.

The quality of the benefit-cost analysis for the Job Corps stands out not only among the body of studies reviewed by the National Academy of Sciences committee but, in my view, it stand out over the whole corpus of benefit-cost studies ever done on human resource programs. The methodology is clear, sound and explicit; the range of input and outcome elements for which quality data were collected is unusually wide; where assumptions have, of necessity, been made the sensitivity of the results has been tested and reported.

You may be interested to know that others share my assessment of the uniquely high quality of the Job Corps benefit-cost study. In a report on an international symposium on active labor market policies, the convener of the symposium, Professor Harold Wilensky says: "...to illustrate potential contributions which the uniquely American policy-evaluation industry might well make, I shall briefly describe an unusual evaluation study. If we really wish to develop this industry fully and take its products seriously, a recent evaluation study of the Job Corps,...,approximates the standard we must reach. This is one of the most careful and comprehensive cost-benefit analyses ever done on a social program."[1]

In the current state of the art, no benefit-cost study is completely beyond question, but this one is of such a high quality that its conclusions must be taken very seriously; it represents very substantial evidence that the Job Corps yields benefits in excess of its costs not only to the participants but to society as a whole.

IV. The Need to Avoid Cutbacks in the Job Corps

The need to sustain the Job Corps program follow quite clearly from the points discussed above.

First, the review of the nature of the youth employment problem points clearly to the low income, minority, inner-city, high school dropouts as the group with the most serious employment problems - the heart of the youth employment problem.

Second, the National Academy committee's review of the experience from 1978 through 1981 found that this segment of

---

1. H. Wilensky, "Symposium: Active Labor Market Policies", Industrial Relations, Winter 1985

the youth population had been, in general, poorly served. This led us to a major conclusion and recommendation:

"CONCLUSION: Of all youth groups, school dropouts face the most serious employment problems. Because of problems in recruiting and serving dropouts, however, the focus of youth research and demonstration under YEDPA was unduly directed to in-school youths and high school graduates. As a result, the question of how to reach and serve dropout youths remains unanswered."[2]

"RECOMMENDATION: The committee strongly recommends that school dropouts be given priority status for employment and training programs and research. Program efforts should be shaped to test systematically the alternative methods of addressing the education and employment needs of these youths, and research should focus on the underlying determinants of the dropout phenomenon."[3]

Of course, this drop-out population for which we urge priority attention is the population, for the most part, which the Job Corps has served over the years and continuous to serve.

Third, at the very least the evaluation of the effects of Job Corps and the benefit-cost analysis represent a very heavy weight of evidence on the positive benefits to youth and society from this program. It seems to me it must leave the burden of proof with those who claim the Job Corps has few positive effects and cannot justify its costs. Especially in a period of budgetary stringency it would seem that a program whose social benefits have been established deserves maintenance over those whose effects and net benefits have not even been assessed.

This does not mean that the effectiveness of the Job Corps should not be further studied. Indeed, as our committee noted in the letter quoted above, and in our report, there is much that remains unknown about how the Job Corps achieve its effects, and whether by a rearrangement of components it could not become even more cost-effective. Thus we call for more research to try to "unbundle" the components to better assess their individual contributions to the overall success of Job Corps. It is my understanding that the Department of Labor has begun the process to design and implement the studies which would do just that. But in order to be able to carry out those studies, the Job Corps must continue to be funded.

One of the unique features of the Job Corps has been its long term stability, when compared to other federal employment and training programs. That stability may have contributed to the growth of success of the Job Crops as it conscientiously sought to learn from its mistakes and had the time and support to readjust its processes. In this

---

2. C. Betsey, et al., op.cit., p. 23
3. Ibid, p. 24

regard it stands out as an exception: to many of us observers, it seems that the Congress and the Executive have, over the years, shown themselves particularly unwilling to stay with employment and training programs long enough to allow them to learn and adjust. Learning is not an easy process in these programs and, since we have increased the standards of evaluation evidence over the years, it requires longer periods of time to establish sound evidence for, or against, program effectiveness. In one case, having provided the period of stability in order for program processes to become well-established and having invested the time and resources for a sound, high quality evaluation of the program to be completed and having that evaluation establish the societal cost-effectiveness of that program, it would seem a peculiar brand of madness to then proceed to cutback and dismantle that program, the Job Corps.

In summary, maybe I can best serve you committee members by simply reporting (as perhaps I should have at the outset) this recommendation of the National Academy of Sciences' Committee on Youth Employment Programs:

"Recommendation: Opportunities to enroll in the Job Corps should continue to be provided for the out-of-school youth population".

Mr. MARTINEZ. You mentioned the particular aspects of Job Corps that make it so successful and so adaptable to those young people that have had problems with the law and have dropped out of school. But the amazing statistic is that there is a pretty good percentage of these young kids that were dropouts but after training in the Job Corps, have gone on to get college educations, making them that much more productive human beings.

One of the things that I have seen is the enthusiasm and dedication of the people that are working in these Centers, at least in the ones I have visited.

And, you know, that kind of enthusiasm, that kind of dedication to the program, may be due to the success they have had in the past—you know, success in itself is a reward to a lot of people. You know, Terrell Bell said that one of the most gratifying things to any instructor or teacher is seeing the expression on a young person's face when they learn that they can learn and can be productive human beings.

And so I think that the success that they have had, over and over again, has probably inspired a lot of people to continue fighting.

But the other thing that I would like you to address, and being in your position I think you would be very capable of doing so, is that part of the program that I call attitude adjustment. In young people, whether or not they are going to direct their energies in a productive way is shaped by their attitude. Would you talk about what your committee discussed on that particular aspect of the Job Corps?

Mr. HOLLISTER. Well, there is not a lot—again, we were trying to look at the existing evidence as provided in these evaluations and reports to us.

To try to measure and determine whether attitude changes are really important in terms of later employment and so forth is a very difficult business, and in fact under a number of these programs they did try to quantify that in some ways. But I think in general the conclusion was not very successful.

I don't think that in the Job Corps itself that I know of, at least in the major evaluations we looked at, that they were really looking at attitude formation in and of itself.

Let me say that I think in terms of the spirit and enthusiasm, I think that is important, but it is also true, I think we shouldn't take it away from people in other programs. These other programs enter with the same kind of enthusiasm. They may not have the long term success that tends to reinforce that enthusiasm, but there are a lot of people out there who work on these programs who try very hard and believe that they are effective.

Still, there is a paucity of evidence to establish that. That is exactly what our committee was asked to do, to take a very hard look at the evidence, and I think we had unusually tough standards in applying it to that evidence, and I think one of the important things is that even applying those very tough standards the Job Corps comes through in the end.

But I think we really are not very far along in terms of understanding the relative importance of these different components, and I think that trying to get a little bit further along through this

period, hopefully getting through this period of stringency and out the other end when we can hope to get some expansion, we really want to know what to be able to do, what is going to be effective. And good intentions simply aren't enough, it seems to me, and trying to put ourselves in a position to learn from this experience while it goes on is equally important. And I am encouraged that the Department of Labor seems to be moving in that direction. But you can't learn if you are not doing it.

Mr. MARTINEZ. Let me ask you, you said the benefits exceed the costs by $2,300. Is that right?

Mr. HOLLISTER. Yes.

Mr. MARTINEZ. That figure, that $2,300, I take it from the previous statement you made that this was evaluated against the reduction in welfare costs——

Mr. HOLLISTER. No; you can look at a benefit-cost evaluation from several different points of view. When you look at it from the society's point of view as a whole, you don't necessarily have to take into account those reductions in welfare, because in some ways you are taking the—the welfare benefits are lower for one part of the society, and of course the burden of transferring those welfares is lower for the other side of the society, and it kind of cancels out.

So, this is really saying, if we took these resources and we used them in some other use in the economy, what would they yield us, and then we compare that to what they yielded without the welfare benefits counted in there, simply looking at increased earnings, lower crime and valuing the effects of that lower crime rate, improved education, and health.

Mr. MARTINEZ. All right. I was going to go to the benefit of lower crime, because so many times it seems to me that when we get concerned with budget constraints and reducing everything to meet that budget constraint, we forget about other aspects. And with the costs of crime we expend money—we are not really reducing those expenditures at all. We are increasing them to some degree. And I think, with the cost of vandalism and all the other things that you can bring into that whole realm of criminal activity, that the cost of that would be reduced. If somebody would take the time to measure it, as you seem to have done here, they would find that there would be a greater cost there as a result of a simple reduction in this kind of a program.

Mr. HOLLISTER. Well, let me say something just briefly about the cost estimates, and it is unusual. In this evaluation there were only three evaluations out of those 400 that we thought had made any attempt to even measure the crime benefits from the program, and this was one of them.

The evaluation of those benefits, it was basically done by measuring arrest rates. And the evaluation then of those benefits were extremely conservative. That is, it was getting at the criminal justice system cost, but if you talk about the other anxiety costs, reduced vandalism, and anxiety costs, those are not in that benefit.

Mr. MARTINEZ. Nor the damage by the vandalism?

Mr. HOLLISTER. No.

Mr. MARTINEZ. None of that is in there. So, if you added that in——

Mr. HOLLISTER. Basically, the criminal justice system costs.

Mr. MARTINEZ. Thank you, Dr. Hollister.

Mr. Williams.

Mr. WILLIAMS. Doctor, does the Job Corps have an adequate tracking system? That is to say, does the Job Corps have adequate methodology for tracking former corps people for an adequate amount of time?

Mr. HOLLISTER. Well, in this one major evaluation that was done around 1980, that was probably the best tracking that has been done of the studied sample of individuals.

In terms of their tracking system for the corps on a continuing basis, I don't know enough about that.

Mr. WILLIAMS. We appreciate having your testimony and may invite you back to the Budget Committee. The Budget Committee is concerned about the type of strategy that you are talking about, particularly in this time of fiscal constraints.

The Budget Committee is beginning to reexamine strategies that portray the old saying that we ought to run the Government more like a business. Of course, every good businessman understands the difference between expenditure and investments. Sometimes the Federal Government loses sight of that.

At a time when we need to know that every dollar we are spending has at least an opportunity to roll back to the Treasury as a dollar, or perhaps a dollar and a half in the instance of the Job Corps, it seems to many of us on the Budget Committee that now is the time to bring in people such as yourself to develop a body of testimony stating which Federal expenditures are good investments and which are not.

Therefore, we may be inviting you back, sir, to the Budget Committee sometime in the next couple of months to tell us again about your findings.

I appreciate your being here today.

Mr. HOLLISTER. I would be happy to do so.

Mr. MARTINEZ. Thank you, Mr. Williams.

Mr. Hayes.

Mr. HAYES. Thank you, Mr. Chairman.

I notice, Doctor, that you for 2 years, from 1983, I think, October 1983 to November 1985, you served as chairman of the Committee on Youth Employment Programs of the National Research Council, or National Academy of Sciences.

You said that this committee was formed in response to a request of the U.S. Department of Labor. I assume that your report that this committee came out of its research with was given to the U.S. Department of Labor, was it not?

Mr. HOLLISTER. Yes; in fact, here is a copy of the report. It has been delivered to the Department of Labor and in fact I had some conversations with Secretary Semerad at the time, and I must say I think that they have responded to the recommendations of the report rather well, as far as I can see, within the limits of what resources they have available to them.

Mr. HAYES. I have a keen interest in the dropout ratio. In my district it has reached catastrophic proportions. We almost—the ratio of dropouts in my district in the public school system, the high school system, is almost 50 percent.

Do you see an acceleration of that in the elimination of these Job Corps centers? I do, and I want to know if you share my opinion.

Mr. HOLLISTER. I don't know that I could connect it with that, any direct connection.

Mr. HAYES. Because some of the kids have depended upon it during the summer in order to continue in school.

Mr. HOLLISTER. That is certainly the case with the summer youth program, I think, and the Job Corps Program when they are in the residential setting. I think the example given before is clear, that for some of these kids there is no alternative.

One hopes that we could do something about the dropout rate, but I don't think that the outlook there is very hopeful. Our understanding of what the factors are that are driving this dropout rate is not very great. In fact, again, in our report we talk about trying to get a better understanding of those causes of dropouts and how to——

Mr. HAYES. I wish, if time would permit, you would take a look at my dropout bill, H.R. 3042, which seeks to try to find some mechanism to come up with some legislation to help offset not only the rise in the dropout ratio but at the same time it serves to encourage those who have already dropped out to reenter school. If you could take a look at that, I would welcome such suggestions that you might have.

Mr. HOLLISTER. I would be happy to do so.

Mr. HAYES. All right, thank you very much.

Thank you, Mr. Chairman.

Mr. MARTINEZ. Thank you, Mr. Hayes.

Thank you, Dr. Hollister, for being with us today and sharing your information.

Mr. MARTINEZ. At this time I would like to introduce Congressman Carl Perkins of Kentucky to make an introduction and an announcement.

Mr. PERKINS. Well, actually I am here today, of course, to give my total support again to the Job Corps program. It is one of the ones we here on the committee believe so strongly in as being one of the true, true barriers to poverty in this country and one of the true aid programs in terms of assistance.

Now, we are not going to have the film right yet, but I have some friends here, Clark Recton, from Kentucky, who is an attorney and used to serve here in Washington on the Education and Labor Committee staff, who was involved in recent times in going back to eastern Kentucky, where I am from, and taking a number of films recently of the Job Corps trainees and some of the action that they were employed in in fighting forest fires.

This has been extremely significant because this has gone beyond—this is volunteer work beyond the training that they are required to do, and I think that when the hearing is over and we are getting to the point of seeing this film, I think you will all be impressed by the dedication and the feeling that they are actually contributing really something significant to society that this film will show.

So, I just wanted to put in a few words because this is a good friend, Clark is, and these are some fine film footages. I witnessed

it down in my office a little while ago. I think you are all going to enjoy it.

So, when the time comes, I think you are going to have a little treat here.

Thank you.

Mr. MARTINEZ. Thank you, Mr. Perkins.

With that, we move to our next panel, which is Mr. Androlewicz, who is the vice president of RCA Service Co., education and human services; Mr. Bernie Diamond, vice president, Management & Training Corp.; Mr. Dave Maranville, the center director, Los Angeles Job Corps Center; Mr. Tony Federico, center director, Northlands Job Corps Center, and we will start with Mr. Androlewicz.

STATEMENTS OF AL ANDROLEWICZ, VICE PRESIDENT, RCA SERVICE CO., EDUCATION AND HUMAN SERVICES; BERNIE DIAMOND, VICE PRESIDENT, MANAGEMENT & TRAINING CORP.; DAVE MARANVILLE, CENTER DIRECTOR, LOS ANGELES JOB CORPS CENTER; AND TONY FEDERICO, CENTER DIRECTOR, NORTHLANDS JOB CORPS CENTER

Mr. ANDROLEWICZ. Mr. Chairman and members of the committee, thank you for the opportunity to testify before this committee.

My name is Al Androlewicz and I am division vice president for education and human services of the RCA Service Co., a major division of the RCA Corp.

RCA presently operates 11 Job Corps contracts nationwide and also job training partnership contracts in New York, New Jersey, and Oregon.

Our experience with both programs has reinforced the view that Job Corps is the only program serving the hardcore, disadvantaged youth.

The JTPA Program nationally works with thousands of youth, only 10 percent of whom are school dropouts. Job Corps serves 90,000-plus corps members per year, and 78 to 80 percent of these are school dropouts.

This statistic does not prove JTPA ineffective, it simply points out JTPA is a program designed to encourage youth to stay in school.

JTPA with its short term training programs cannot reach the hard-core disadvantaged youth. Job Corps with its long term residential programs is the only program serving this disadvantaged young population.

The success of Job Corps has been documented time and again. The results of numerous studies, investigations, et cetera, have shown an excellent managed program with unique teaming of both public and private sector elements.

There are civilian conservation centers operated by Federal employees and there are contract centers operated by private corporations. The National Association of Home Builders and the International Construction Unions participate as cocontractors in training for building trade vocations.

Overall management is by the Department of Labor Job Corps staff, with all of these groups contributing to Job Corps success.

According to actual Labor Department data during the first half of program year 1985, the most recent period for which data is available, Job Corps produced a rate of positive outcomes of 81.3 percent. Of these, 66.1 percent found unsubsidized employment and 15.2 percent went on to further education, an accomplishment and a record to be proud of.

I am sure when we receive the final results for 1986 the positive outcomes will be even higher.

Job Corps has been criticized because of its costs. The money expended on Job Corps is not a cost but an investment in the future. Pure ecomomics indicate according to the third followup of the mathematical study out of Princeton, found that for every dollar spent on Job Corps, $1.45 is returned from Job Corps graduates, a return of 45 percent.

Over the past few years Job Corps has successfully reduced its real cost, thanks to the leadership of the Job Corps director, Peter Rell, and his staff.

Through close monitoring and the competitive process, the Federal staff and center operators have reduced the real dollar costs of Job Corps.

Other possible program and administrative changes are now being investigated to further reduce the cost.

Job Corps is presently a lean, well-run program that has proven itself cost effective.

The budget cuts in Job Corps as proposed by the administration would destroy one of the most effective Federal programs ever designed.

Job Corps presently has 40,544 slots and will serve about 90,000-plus youth per year. The universe of need is much larger. The youth who come to Job Corps have no other place to go except perhaps to be supported in the criminal justice system.

I strongly recommend at the very least the program remain at 40,544 slots and, if possible, be expanded.

The budget cuts as dictated this fiscal year by the Gramm-Rudman Act is a 4.3-percent, or $27.5 million, reduction in Job Corps.

The administration has announced it will have to close two to eight centers by July 1 in order to meet this requirement.

You discussed the criteria with Assistant Secretary Semerad. I would just like to make a comment about the criteria.

Take one point of the criteria. I don't think the list of criteria is objective. In fact, it is very subjective and leaves a great many questions.

For example, take performance. The most objective item should be the performance item. But the present system of judging performance is flawed. It automatically makes 25 percent of the Job Corps centers unacceptable in its performance statistics.

The performance system, as agreed to by the operators of the centers, has not been completed and additional work is necessary to make it a good performance measurement.

The logic as presented by the administration to cut the low performing centers on the surface makes sense, but when you study the actual numbers, you see the difference between acceptability

and unacceptability is a matter many times of 1 or 2 percentage points.

I submit to you, Mr. Chairman, that all 106 Job Corps centers contribute to the success of the program. I also submit to you that it is false economy to close centers to save money.

The savings are minimal, and in my personal experience I have found the young people who are part of a closed center become disillusioned and feel very strongly that the system has failed them again.

I was involved as a center director in one such closing in 1969, and 40 percent of the corps members chose not to continue their education in Job Corps. Let's not disappoint these youth again.

It takes a great deal of courage and fortitude to pick up, leave home, live in a dormitory, and follow the demanding standards of Job Corps. Let's not lose any of these youth after they have made such a commitment.

I do not think it necessary to close any centers in order to meet the Gramm-Rudman cuts. I suggest that Job Corps reduce its capital funds by the amount necessary to make the cuts which would, in fact, simply defer capital expenditures until the next budget year. I don't think this would cause any serious problem in Job Corps, because Job Corps is traditionally slow in committing its capital moneys.

If the cut is accomplished in this manner and if Congress funds Job Corps for 40,544 slots during the next budget period, then it would be unnecessary to close any centers.

I am sure the administration will claim some centers are poorly operated and should be closed. In fact, there may be some poorly operated centers. But to simply close them without an effort to improve management is a waste of resources.

The Federal Government has within its monitoring function the necessary tools to insist on improved management of a center, or it can use its ultimate weapon and change contractors.

I want to close by recommending the following actions to this committee, that there be no reduction in the number of corps members served in Job Corps; that there be no reduction in the number of centers; and that capital funds be used to meet the initial Gramm-Rudman budget cuts.

Thank you again, Mr. Chairman and members of the committee, for allowing me to testify before you today.

Mr. MARTINEZ. Thank you, Mr. Androlewicz.

[The prepared statement of Al Androlewicz follows:]

PREPARED STATEMENT OF AL ANDROLEWICZ, DIVISION VICE PRESIDENT FOR EDUCATION AND HUMAN SERVICES, RCA SERVICE COMPANY, RCA CORPORATION

Mr. Chairman and members of the Committee, thank you for the opportunity to testify before this Committee. My name is Al Androlewicz and I am Division Vice President for Education and Human Services of RCA Service Company, a major division of RCA Corporation.

RCA presently operates 11 Job Corps contracts nationwide and also Job Training Partnership Contracts in New York, New Jersey, and Oregon. Our experience with both programs has reinforced the view that Job Corps is the only program serving the hard-core disadvantaged youth. The JTPA program nationally works with thousands of youth, only 10% of whom are school dropouts. Job Corps serves 90,000 plus corpsmembers per year, and 78 to 80% of these are school dropouts. This statistic does not prove JTPA ineffective; it simply points out JTPA is a program designed to encourage youth to stay in school. JTPA with its short-term training programs cannot reach the hard-core disadvantaged youth. Job Corps with its long-term residential programs is the only program serving this disadvantaged young population.

The success of Job Corps has been documented time and again. The program has been investigated, audited, reviewed, and studied, both internally and by independent external sources. The results of these numerous studies, investigations, etc., have shown an excellently managed program with unique teaming of both public and private sector elements.

There are civilian conservation centers operated by Federal Employees and there are contract centers operated by private corporations. In the contract centers, the National Association of Home Builders and the International Construction Unions participate as co-contractors in training for building trade vocations. Overall management is by the Department of Labor Job Corps staff, with all groups contributing to Job Corps success.

According to actual Labor Department data during the first half of program year 1985 (the most recent period for which data is available), Job Corps produced a rate of positive outcomes of 81.3%. Of these, 66.1% found unsubsidized employment and 15.2% went on to further education--an accomplishment and record to be proud of. The success ratio for 1984 was 60.6% in jobs and 15.1% in further education, for a positive ratio of 75.6%.

I am sure when we receive the final results for 1986, the positive outcomes will be even higher. Job Corps works; it does assist our hard-core disadvantaged youth. It does change young lives.

Job Corps has been criticized because of its costs. The money expended on Job Corps is not a cost, but an investment in the future. Pure economics indicate according to the third follow-up of the Mathematica Study out of

Princeton found that for every dollar spent on Job Corps, $1.45 is returned from Job Corps graduates. A return of 45% represents a mighty good investment. The other significant finding in the study was: "the positive, overall impacts generally persist throughout the four years of past program observation".

Over the past few years, Job Corps has successfully reduced its real cost thanks to the leadership of the Job Corps Director, Peter Rell, and his staff. Through close monitoring and the competitive process, the Federal staff and center operators have reduced the real dollar costs of Job Corps. Other possible program and administrative changes are now being investigated to further reduce the cost. Job Corps presently is a lean, well-run program that has proven itself cost effective.

The budget cuts in Job Corps as proposed by the Administration would destroy one of the most effective Federal programs ever designed. Job Corps presently has 40,544 slots and will serve about 90,000 youth per year. The universe of need is much larger; the youth who come to Job Corps have no other place to go except perhaps to be supported in our criminal justice system.

I strongly recommend at the very least the program remain at 40,544 slots and, if possible, be expanded. The

budget cut as dictated this fiscal year by the Gramm-Rudman Act is a 4.3%, or 27.5-million-dollar, reduction in Job Corps. The Administration has announced it will have to close 6 to 12 centers by July 1 in order to meet this requirement. It has also stated seven criteria for the closing of a center:

1) Operating Costs
2) Capital Needs
3) Lease (versus) Own
4) Performance
5) Location versus Need
6) Quality of Facility
7) Community Support

This list is not objective, in fact, it is very subjective and leaves a great many questions. The most objective item should be performance, but the present system of judging performance is flawed. It automatically makes 25% of the Job Corps Centers unacceptable in its performance statistics. The performance system as agreed to by the operators of the centers has not been complete and, therefore, the rankings as used by the Administration are flawed.

The logic as presented by the Administration to cut the low performing centers on the surface makes sense,

but when you study the actual numbers, you see the difference between acceptability and unacceptability is a mere one or two points. I submit to you, Mr. Chairman, that all 107 Job Corps Centers contribute to the success of the program. I also submit to you that it is false economy to close centers to save money. The savings are minimal, and in my personal experience I have found the young people who are part of a closed center became disillusioned and feel very strongly that the system has failed them again. I was involved as a Center Director in one such closing in 1969, and 40% of the corpsmembers chose not to continue their education in Job Corps. Let's not disappoint these youth again. It takes a great deal of courage and fortitude to pick up, leave home, live in a dormitory, and follow the demanding standards of Job Corps. Let's not lose any of these youth after they have made such a commitment.

I do not think it necessary to close any centers in order to meet the necessary Gramm-Rudman cuts. I suggest that Job Corps reduce its capital funds by the amount necessary to make the cuts which would in fact simply defer capital expenditures until the next budget year. This would not cause any serious problems in Job Corps, because they are traditionally slow in committing capital monies

anyway. If the cut is accomplished in this manner and if Congress funds Job Corps for 40,544 slots during the next budget period, then it will be unnecessary to close any centers.

I am sure the Administration will claim some centers are poorly operated and should be closed. In fact, there may be some poorly operated centers, but to simply close them without an effort to improve management, is a waste of resources. The Federal Government has within its monitoring function the necessary tools to insist on improved management of a center, or it can use its ultimate weapon and change contractors.

I want to close by recommending the following actions to this Committee:

1) That there be no reduction in the number of corpsmembers served in Job Corps.
2) That there be no reduction in the number of centers.
3) That capital funds be used to meet the initial Gramm-Rudman budget cuts.

Thank you again, Mr. Chairman and members of the Committee for allowing me to testify before you today.

Attachment I

RCA Experience

The RCA Education and Human Services current diversified operations is concentrated in four principal areas, comprised of 11 Job Corps Centers, four Juvenile Corrections Programs, four state-funded Job Training Partnership Act comprehensive programs and four varied International Educational programs for foreign governments. In the Education and Human Services Division alone, we have approximately 2,067 employees and annually provide services to 13,751 disadvantaged youth and adults of which 9,533 are Job Corps corpsmembers.

RCA has been a major factor involved in working with the hard-core, disadvantaged since mid-1960's. In addition to having operated Job Corps Centers for over 20 years, we have also operated such programs as the RCA Institute Special Programs School in New York City, training hard-core, unemployables as television service technicians, placing the completors in apprentice technician jobs with the RCA Service Company. This program was conducted in conjunction with the U.S. Department of Labor and the National Alliance of Business.

An outgrowth of the Institute was the Four Cities Program located in Camden and Newark, New Jersey; Chicago

and Los Angeles, which were also designed to train 400 trainees for TV repair positions. RCA contributed $1 million in equipment and materials and administration and facilities rental over and above the Department of Labor's $2.5 million investment.

In conjunction with the Bureau of Indian Affairs and the Office of Economic Opportunity, RCA operated the Choctaw Program in Mississippi and the CADA Project in North Carolina. Both of these programs had basically the same objective, to upgrade the family to a level of knowledge and confidence that would permit them to significantly improve their economic situation. There are more programs which can be cited, however, without going any further, the point I wish to make is RCA's past and present involvement in programs for the disadvantaged demonstrates our continued commitment to their development in becoming productive, employable, taxpaying citizens.

Attachment II

Comparison of JTPA and Job Corps

Youth Served

	JTPA	Job Corps
Percent of Youth Served of Total Clients	39%	100%
School Dropouts	10%	78%
Minority	46%	73%
Combined Youth/Minority/ Dropout	7%	60%

Attachment III

Youth Unemployment

1985 Calendar Year	
16 to 19 Years	18.6%
Men 16-19	19.5%
Women 16-19	17.6%
White Youth	15.7%
Black Youth	40.2%
March 1986 (Seasonally Adjusted)	
Total	18.2%
White	14.5%
Black	43.7%

Mr. MARTINEZ. Mr. Bernie Diamond.

Mr. DIAMOND. Thank you, Mr. Chairman, Congressman Williams, Congressman Hayes, members of the committee.

Let me express our appreciation, too, for the opportunity.

Mr. MARTINEZ. Excuse me, Mr. Diamond. I would like to announce to the rest of the panel that your text will be entered in its entirety in the record and you can summarize.

Mr. DIAMOND. Thank you, Mr. Chairman.

The management and many of the staff of our corporation have more than 20 years of experience in Job Corps operation. MTC currently trains more students each day than any other corporation under contract with the Department of Labor.

We now provide services to more than 6,500 students at locations North, East, South, and West. We cover about all parts of the United States. So, we are in all parts of the country and have much experience.

We have provided training in job skills and basic education, as well as all the other required support services, including placement assistance, to more than 150,000 corps members in the past 20 years, since 1966.

It is conservatively estimated that 80 percent of those trained have been placed on jobs, have gone into advanced education, or have entered the military service. Many have entered colleges and universities, as you mentioned, Mr. Chairman, and received degrees.

All have benefited from their voluntary enrollment in the Job Corps and so has the Nation.

As shown by the mathematical study and a study that we commissioned in 1985 by Dr. Bruce Baird of the University of Utah, which was presented to this committee last year by Dr. Terrell Bell, former Secretary of Education, the Job Corps is a deficit reduction program rather than one which adds to the deficit.

We have talked about the numbers. The Baird study was a little less than the mathematical study. Dr. Baird concluded that the Job Corps returns $1.38 to the Treasury.

The returns come from continuing taxes paid by the corps members once they begin employment, from reduced welfare payments, and, for a small number, savings in the cost of incarceration which could have occurred without the change of environment and the many positive features offered by the Job Corps.

Now, the Congress itself recognized the program and cost effectiveness of Job Corps last year when the members appropriated $640 million for fiscal year 1986.

Now we are faced with the Gramm-Rudman cut. A budget reflecting that cut or any other large cut will have disastrous effects on the program.

We have been told by the Assistant Secretary the policy of the Department of Labor, based on Gramm-Rudman cuts alone, would be to close a number of centers this year. That is a total reversal of congressional intent.

It is also, based on the record, false economy inasmuch as the taxpayers of the Nation will once again have to pay substantial welfare and other costs for the disadvantaged youth deprived of the

opportunity to become productive, taxpaying citizens through enrollment in Job Corps.

Based on our experience during other administrations, once centers are closed it takes years and a great deal of money to reopen them as the need is ongoing and must be met.

Closure of centers and reduction in Job Corps slots also could have a negative effect on the economic growth of the Nation. Let me quote from a recent Associated Press news release that had the headline, "Goodrich boss: Train youth or ruin economy."

"The Nation's economic growth could falter if entry level workers fail to receive the proper education and training for an estimated 16 million new jobs," the head of a national business-led coalition said Wednesday.

John Ong, who is chairman of the National Alliance of Business and chief executive officer of B.F. Goodrich Co., said poor and poorly education youths who have historically been the least employable workers are needed if the economy is to reach its full potential by the year 2000.

The study concludes that business must assume a greater responsibility in training the workforce and employers must become more involved in the educational system and training institutions.

Let me just tell you that our corporation, Singer, RCA, Teledyne, ITT, and other businesses have been involved in a major way for the past 20 years and want to continue to be involved.

Let me give you an example of a real success story which shows the results of a team effort of the Federal Government, American business, and the labor unions.

The Clearfield Job Corps Center, operated by our corporation, is one of the largest of the 107 centers in the Nation. We have 1,450 residential students.

One of the major training areas at the center is the Advanced Automotive Training Program, the only one of its kind in the Nation. That program trains 240 students at a time.

Unlike the rest of the center at Clearfield where all the instructors are our employees, the instructors at the Advanced Automotive Program operate under a direct contract between the Department of Labor and the United Auto Workers Union.

At the suggestion of Bruce Lee, who is the UAW region 6 director, several key staff members from the New United Motor Manufacturing Co. in Fremont, CA—that is the joint effort of General Motors and Toyota—visited Clearfield last fall.

As a result of that visit, 26 near completers of the program were taken to Fremont and received extensive testing.

One of the students tested received the highest test score ever afforded any applicant for a job off the street or anywhere else, 8 points out of a possible 10, in their ability to work as a member of a team.

As a result of the interviews and the testing, job offers were made to 20 male and 5 female students.

The new employees began work in December 1985, as auto assemblers, body and paint workers, parts distribution workers, at a starting salary of $11.68 an hour—24 of those students are still on the job and doing very well.

Plant staff report that the unit in which the former Job Corps members are working is one of the most efficient operating units in the plant.

Additional students from the Clearfield center will graduate this month and have been offered employment at the Fremont plant in your State, Mr. Chairman.

That, gentlemen, is the kind of economic impact Mr. Ong was talking about.

We appeal to the committee and to the entire Congress to take the necessary action to keep a viable and badly needed Job Corps program adequately funded.

As you stated, Mr. Chairman, the program needs additional funds, not less.

Job Corps has already been squeezed to the bone. Medical costs, food, utilities and labor costs and supplies have increased yearly. Job Corps contractors have reduced costs to where it is not economically feasible or sensible to cut any more without drastically reducing the quality of the program, and nobody wants that.

We suggest for the short term a supplemental appropriation of at least $27 million to reduce the effects of Gramm-Rudman on the current budget.

For the long term, we agree with Congressman Williams and we suggest, because Job Corps is forward funded, that Congress direct the Department of Labor to use funds intended for construction contracts this summer--they mentioned they had $30 million—to keep centers open instead.

This action would give the Congress an opportunity to complete the appropriations process without the trauma of center closures and resulting lost opportunities for youth, the loss of jobs, upset communities and increased expense to the taxpayers. And who knows, the Congress may add more dollars for the program as they did last year.

The Department of Labor, as Assistant Secretary Semerad has stated, through his Employment and Training Administration has begun the program known as Job Corps II to upgrade and restructure the Job Corps with many innovations.

One of the major purposes is to even better prepare the Nation's disadvantaged youth to achieve the goal for which this committee is all about, employment opportunities.

We urge you to give the Department the opportunity to go forward and the funds to do the job with.

Thank you very much.

Mr. MARTINEZ. Thank you, Mr. Diamond.

[The prepared statement of Bernie R. Diamond follows:]

Prepared Statement of Bernie R. Diamond, Vice President, Special Services, Management and Training Corporation

Chairman Martinez and members of the Committee . . .

Thank you for the opportunity to testify on behalf of the National Job Corps Program. The management and many of the staff of our corporation have more than 20 years of experience in Job Corps operation. MTC currently trains more students each day than any other corporation under contract with the Department of Labor (Job Corps). We provide services to more than 6,500 students at locations in Albany, Georgia; Atlanta, Georgia; Brunswick, Georgia; Searo Wooley, Washington; Charleston, West Virginia; Cincinnati, Ohio; Clearfield, Utah; Honolulu, Hawaii; Kittrell, North Carolina; Red Rock, Pennsylvania; Shreveport, Louisiana; and Reno, Nevada.

We have provided training in job skills and basic education, as well as provided all the other required support services including placement assistance, to more than 150,000 corpsmembers since 1966. It is conservatively estimated that 80 percent of those trained have been placed on jobs, have gone into advanced education, or have entered the military service. Many have entered college or universities and received degrees. All have benefited from their voluntary enrollment in the Job Corps and so has the nation.

As shown by the Mathematica study and the study made in 1985 by Dr. Bruce Baird of the University of Utah, which was presented to this committee last year by Dr. Ted Bell, former U.S. Secretary of Education; the Job Corps is a "deficit-reduction" program rather than one which adds to the deficit. The Baird study showed that Job Corps returns $1.38 to the Treasury in only three years for each $1.00 invested by the Federal Government. The returns come from continuing taxes paid by the corpsmembers once they begin employment, from reduced welfare payments, and (for a small number) savings in the cost of incarceration which could have occured without a change of environment and the many positive features offered by the Job Corps.

The Congress recognized the program and cost-effectiveness of Job Corps last year when the members appropriated 640 million dollars for FY86. Now we are faced with a request for a recision plus a 4.3% cut under Gramm-Rudman. A budget reflecting these cuts will have disastrous effects on the program. We understand that the policy of the Department of Labor based on the Gramm-Rudman cut alone is to close a number of centers this year. That is a total reversal of Congressional intent. It is also, based on the record false economy inasmuch as the taxpayers of the nation will once again have to pay substantial welfare and other cost for the disadvantaged youth deprived of the opportunity to become productive, taxpaying citizens through enrollment in Job Corps. Based on our experience during other administrations, once centers are closed, it takes years and a great deal of money to reopen them as the need is ongoing and must be met.

Closure of centers and a reduction in Job Corps slots also could have a negative effect on the economic growth of the nation. I quote from a recent

Associated Press news release with the headline stating "Goodrich boss: Train youth or ruin economy." "The nation's economic growth could falter if entry-level workers fail to receive the proper education and training for an estimated 16 million new jobs," the head of a national business-led coalition said Wednesday. John Ong, Chairman of the National Alliance of Business and Chief Executive Officer of B.F. Goodrich Company, said poor and poorly educated youths who have historically been the least employable workers are needed if the economy is to reach its full potential by the year 2000.

"Unless we start acting now to ensure that these young people have the education and training necessary to fill the jobs our economy can create for them, economic growth will falter and their isolation in our society will become a permanent and socially perilous problem both for themselves and for the rest of society." Ong said.

He said future jobs will require new and different skills and that the pressure on entry-level workers to develop those abilities will be great. Ong made his remarks following the release of a study by the alliance that determined the biggest change in the nation's work force during the next 10 to 15 years will be the growth of less well-educated workers. The study concludes that business must assume a greater responsibility in training the work force and that employers must become more involved in the educational system and training institutions." MTC, Singer, RCA, Teledyne, ITT, and other businesses have been involved in a major way for the past 20 years and want to continue to be involved.

Let me give you an example of a real success story which shows the results of a team effort of the Federal Government, American business, and the

labor unions. The Clearfield Job Corps Center, operated by our corporation, is one of the largest of the 107 centers in the nation with 1,450 residential students. One of the major training areas at the center is the Advanced Automotive Training Program, the only one of its kind in the nation. The program trains 240 students at a time. Unlike the rest of the center at Clearfield where all instructors are employees of MTC, the instructors at the advanced program operate under a direct contract between the Department of Labor and the United Auto Workers Union.

At the suggestion of Bruce Lee, UAW Region 6 Director, several key staff members from the New United Motor Manufacturing, Inc., (the joint venture of General Motors and Toyota to produce Nova automobiles at a plant in Fremont, California) visited Clearfield last fall. As a result of that visit, 26 near-completers of the Advanced Program were taken to Fremont and received extensive testing. As a result of the interviews and testing, job offers were made to 20 male and all 5 female students. The new employees began work in December 1985 as auto assemblers, body and paint workers, and parts distribution workers at a starting salary of $11.68 an hour.

Twenty-four of these students are still on the job and doing very well. Plant staff report that the unit in which the former Job Corpsmembers are working is one of the most efficient operating units in the plant. Additional students from the Clearfield center will graduate this month and have been offered employment at the Fremont plant. That, Gentlemen, is the kind of economic impact Mr. Ong was talking about.

We appeal to the committee and to the entire Congress to take the necessary action to keep a viable and badly needed Job Corps program adequately

funded. The program needs additional funds, not less. Job Corps already has been squeezed to the bone. Medical costs, food, utilities, and labor costs and supplies have increased yearly. Job Corps contractors have reduced costs to where it is not economically feasible or sensible to cut more without drastically reducing the quality of the program.

We suggest for the short term, a supplemental appropriation of at least 17 million dollars to reduce the effects of Gramm-Rudman on the current budget. For the long term, we suggest that because Job Corps is forward-funded, the congress directed the Department of Labor to use funds intended for construction and/or A. & E. contracts this summer to keep centers open instead. This action will give the Congress an opportunity to complete the appropriations process without the trauma of center closures, and the resulting lost opportunities for youth, loss of jobs, upset communities, and increased expense to the taxpayers.

The Department of Labor, through the Employment and Training Administration, has begun a program known as Job Corps II to upgrade and restructure the Job Corps with many innovations. One of the major purposes is to even better prepare the nation's disadvanted youth to achieve the goal for which this committee is all about, "Employment Opportunities." We urge you to give the Department the opportunity to go forward.

1 9 8 5
Cost Benefit Study of the Job Corps Program

Presented March 25, 1985, by Dr. T.H. Bell, former U.S. Secretary of Education to the Employment Opportunities Subcommittee of the House Education and Labor Committee of the U.S. Congress.

Retrieved from the National Job Corps in Action Database, May, 1995.

Report

on an independent study and analysis of the costs and benefits of the Job Corps Program

by Bruce F. Baird, Ph.D.

This analysis is an attempt to assess a reasonable but conservative estimate of the return to the American taxpayers for their investment in the Job Corps Program for Fiscal Year 1984. The investment was the program budget for that year. Returns estimated in this study are comprised of: (1) **Welfare Savings During and After the Program**, (2) **Tax Payments After Completion of the Program**, and (3) **Incarceration Savings During and After the Program**. Other benefits to society are ignored.

The future stream of benefits is discounted at 10 percent, the approximate cost of money for the U.S. Treasury at this time. This recognizes the fact that the budget dollars are spent in 1984 in order to generate a future stream of returns *in years after* 1984. The reduction of the future stream by 10 percent each year thus allows us to compare these returns on an equal time basis with the dollars actually spent in 1984.

Sources of estimates include U.S. government reports, the American Corrections Association and in-house Job Corps documents.

WELFARE SAVINGS

Welfare Savings During the Time Corpsmembers are in the Program

98,809 Corpsmembers were served during Fiscal Year 1984.
The average length of stay in Job Corps was 8.2 months.
40 percent of these were on Welfare prior to entering the program.
During their stay in the program, they were not on Welfare.
The average annual Welfare payment in 1984 was $1,286.
The dependents of Corpsmembers will still be on Welfare during this stay in the program.

Estimated savings = 98,809 × $\frac{8.2}{12}$ × 0.4 × $1,286 = $34,732,021

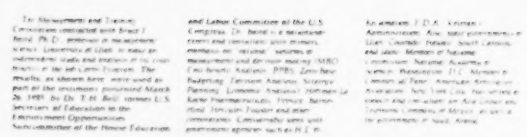
Welfare Savings for Those Who Complete the Program and Find Employment

58,834 Corpsmembers were "total terminees" of the program in Fiscal Year 1984.
60.6 percent of these found employment or entered the military.
15.1 percent entered higher education and thus may still be receiving public assistance.
40 percent of the Corpsmembers were on Welfare prior to entering the program.
13 percent had an average of 1.5 dependents also on Welfare.
Assume only 50 percent of savings are realized during the first year of employment.
Assume Welfare payments will increase by an average of 5 percent per year.
Assume a discount rate of 10 percent per year for savings occurring after Year 1.

58,834 × 0.606 × 0.4 = 14,261 Corpsmembers
14,261 × 0.13 × 1.5 = 2,781 Dependents

Total People Involved 17,042

Year	People Involved	Welfare Payment	Discount Factor	Annual Savings
1	17,042	$1,286 × .5	1.000	$10,958,006
2	17,042	1,350	0.909	20,917,737
3	17,042	1,418	0.826	19,960,749
4	17,042	1,489	0.751	19,057,029
5	17,042	1,563	0.683	18,192,829
6	17,042	1,641	0.621	17,366,837
7	17,042	1,723	0.564	16,560,938
8	17,042	1,810	0.513	15,824,008
9	17,042	1,900	0.467	15,121,366
10	17,042	1,995	0.424	14,393,809
		Total present value of Welfare savings for first 10 years		$168,353,308



TAX PAYMENTS

Assume those employed will pay 20 percent of income for taxes (federal, state, local, FICA, etc.).

Number of people involved = 58,834 x 0.606 = 35,653.

Assume average wage in first year is $4 per hour or $8,320 per year.

Assume only 50 percent of wages are earned in first year.

Assume wages will increase by 5 percent each year.

Assume a discount rate of 10 percent per year for taxes paid after Year 1.

Year	People Involved	Annual Income	Tax Rate	Discount Factor	Tax Payments
1	35,653	$ 8,320 × .5	0.2	1.000	$29,663,296
2	35,653	8,736	0.2	0.909	56,624,265
3	35,653	9,173	0.2	0.826	54,027,828
4	35,653	9,631	0.2	0.751	51,574,780
5	35,653	10,113	0.2	0.683	49,252,330
6	35,653	10,619	0.2	0.621	47,022,021
7	35,653	11,150	0.2	0.564	44,841,491
8	35,653	11,707	0.2	0.513	42,824,180
9	35,653	12,293	0.2	0.467	40,935,569
10	35,653	12,907	0.2	0.424	39,022,693
				Total present value of taxes paid for first 10 years	$455,788,453

INCARCERATION SAVINGS

Incarceration Savings During the Time Corpsmembers are in the Program

5 percent of those in the program would otherwise be in prison.

The average length of stay is 8.2 months for those who did not drop out.

Number of people in Job Corps Program who would be incarcerated = 98,809 × 0.757 × 0.05 = 3,740.

Assume average incremental incarceration per person is $14,500 per year.

Estimated savings = 3,740 × $14,500 × [illegible] = $37,057,166.

Incarceration Savings After Successful Completion of Job Corps Program

5 percent of those who successfully complete the program would end up in prison.

75.7 percent of Corpsmembers are employed or in military or in higher education.

58,834 Corpsmembers were "total terminees" of the program in Fiscal Year 1984.

Assume only 50 percent of savings are realized during the first year.

Assume incarceration costs are $14,500 per year and increase by 5 percent each year.

Assume a discount rate of 10 percent per year for savings after Year 1.

Those imprisoned would spend an average of five years in incarceration.

Number of people involved = 58,834 × 0.757 × 0.05 = 2,227.

Year	People Involved	Annual Cost	Discount Factor	Annual Savings
1	2227 × .5	$14,500	1.000	$16,145,750
2	2227	15,225	0.909	30,820,622
3	2227	15,986	0.826	29,406,278
4	2227	16,785	0.751	28,072,526
5	2227	17,624	0.683	26,806,826
6	2227 × .5	18,506	0.621	12,796,593
			Total present value of incarceration savings	$144,048,595

RETURN ON TAXPAYERS' INVESTMENT IN THE JOB CORPS PROGRAM FOR FISCAL YEAR 1984

Benefits	
Welfare savings during the time Corps-members are in the program	$ 34,732,021
Welfare savings for those who complete the program and find employment	$168,353,308
Total present value of taxes paid for first 10 years	$455,788,453
Incarceration savings during the time Corpsmembers are in program	$ 37,057,166
Total present value of incarceration savings after successful completion of Job Corps Program	$144,048,595
Total present value of benefits	$839,979,543
Investment	
Job Corps budget Fiscal Year 1984	$607,300,000

Time adjusted return on investment = $\frac{\$839,979,543}{\$607,300,000} \times 100 = 138.3$ percent

SUMMARY

The direct financial benefits of the Job Corps Program exceed its cost even if very conservative estimates are utilized. The assumptions of this study are conservative because verifiable Job Corps completion and placement numbers are used, a low incarceration cost is employed, very low wages and wage increases are assumed, the benefits of those in higher education are not included, benefits are terminated after 10 years, etc. Other benefits to society involving family planning, drug abuse, losses of victims of crime, medical care costs, etc., are not included. These would increase the return on investment. Furthermore, the benefits are reduced by discounting at 10 percent per year.

Thus, the computed return of 138 percent should be viewed as reasonable and conservative. It is also a verification of earlier study by Mathematica Policy Research which yielded an estimate of 45 percent more than the program costs. ◆

Mr. MARTINEZ. Mr. Maranville.

Mr. MARANVILLE. Mr. Chairman and members of the committee, thank you for the opportunity to testify before you today.

My name is Dave Maranville and I am employed by the YWCA of Los Angeles as the center director of the Los Angeles Job Corps Center.

The Los Angeles center has been operated by the YWCA, a non-profit organization, for over 20 years. The center has a long, established, very high success record of training and job placement. Over 15,000 young men and women have experienced a new beginning due to their time in the Los Angeles center.

Job Corps is a program that changes the lifestyle of generations, providing a blueprint for success. It not only changes an individual family member, but it affects that person's relatives, friends, children, and grandchildren.

The majority of Job Corps students are minority youth. Unemployment among minorities has always been disproportionate, and still is.

In fact, in Times magazine, May 13, 1985, in an article, "Teenage Orphans of the Job Boom," it states, "Unemployment rages among minority youth. One of the most perplexing aspects of minority teenage unemployment is that it is occurring at a time when some employers are desperate to hire new workers. Inner-city neighborhoods lost most of their low-skilled work when firms moved outside cities. The minority youths, though, still live downtown."

Minority teenagers are frequently not being prepared by schools for modern, service-industry work. Even when they have the ability to handle a job, minority youths may lack the social skills to land it.

The New York Times, June 11, 1985, reported in an article, "Help for the Teenage Recession":

"Teenagers represent 18 percent of the unemployed, but a booming economy has yielded them barely 3 percent of the new jobs."

It is well known, with high unemployment frequently follows more crime, the dissolution of marriages and a breakdown of the family structure and more numbers added to welfare rolls.

The potential Job Corps enrollee has already been through many of these experiences. Job Corps gives them a second chance with a real opportunity to succeed. But they must be trained and educated, but at the same time they need to increase their social skills, develop self-esteem, accept authority, maintain general wellbeing, and learn to obtain job satisfaction.

The Job Corps Program and staff work with the whole person to their fullest capabilities.

The list of Job Corps success stories is lengthy and, Mr. Chairman, you know a lot of mine as well as I do, so I won't repeat any here, and there are several in the written testimony.

Job Corps is a cost-effective program. Included in the additional information is the 1985 cost-benefit study of the Job Corps Program that Mr. Diamond referred to. It illustrates the savings in welfare payments during and after the program, tax payments after completion of the program, and incarceration savings during and after the program.

Mr. Chairman, it is a fact that Job Corps is an expensive program to operate, about $15,000 per training slot. But the finished product, the trained, socially prepared and employed youth, gives back far more than the payback dollars shown in the study to put them through the program.

This is hard to measure in monetary terms, but the Job Corps graduate who has learned from the Job Corps encounter the know-how of family planning, utilizing leisure time productively, maintaining a job, refraining from the use of drugs and staying out of jail, fulfilling responsibility as a family member, employee and citizen, is the real proof or payback to the American taxpayer.

There is a great need to avoid budgetary cutbacks in this vitally important program.

The impact of budget cuts on Job Corps is far reaching. It produces confusion and costs that are not always expected or projected.

Above all, it affects the students currently enrolled in the program. These young people become anxious, estranged and disillusioned with our Government and the people which they have just begun to trust.

When a center closes, many of the corps members are sent back home to the inner cities, the broken homes, the welfare lines and the circumstances from which they had hoped to escape. Others are switched to remaining centers where they again must undergo another adjustment and a self-orientation process.

For many who are at the point in their training that they are actually able to see a light in the tunnel and a new realm of possibilities for themselves, they feel deceived and angry.

Anger frequently breeds depression. Their dreams are threatened. They question themselves as if to say, what did I do wrong again. Regression to former negative behavior and attitudes often results. The adult world is suspicious to them once more.

For the new corps member who is just getting on his or her feet and still trying to test the limits of the program, the staff and even their own potential, the time to adjust is longer and the road is rougher.

Whether a center remains open or closes produces mental anguish and corps members tend to feel lost in the system.

Staff morale is also affected pending budget decisions. Many good staff, dedicated to their work and the task of Job Corps, begin to search for other avenues of employment. Some leave early so that they will not be caught when the cuts are made without job security. Others may wait for the outcome, but it is hard and frustrating to be faced yearly with a concern of losing one's job.

Center operations frequently become stilted and impotent when staff are plagued with the anxiety about job status.

To keep slots filled and to maintain enrollment at full capacity is another area that is impacted. It is impossible for educators, counselors, parents, friends to honestly encourage young people to enter Job Corps when the chances of closure are always prevalent.

For many disadvantaged youth, the Job Corps, in an unpredictable situation, defeats their need for stability.

Additionally, the impact of budget cuts on Job Corps is of great cost to the taxpayer, especially when centers are closed.

As the former director, Mr. Mirengoff, said in his speech on January 10, 1985, "Contract terminations, cancellation of leases, divestiture of property, maintenance of closed centers including security guards, all involve huge expenditures," expenditures of costs without benefits to the program whatsoever.

The centers that have remained open throughout the years, as well as the newer centers, must continually face the impact of budget cuts. Being in this type of position never fully allows any center to obtain maximum stability, organization and continuous high staff and corps member morale.

Like a yo-yo, yearly the Job Corps program, its enrollees and employees, go up and down, weathering the storm created by the proponents wishing to decrease the funds.

This doesn't make a whole lot of sense, especially now, with a program over 20 years old that has been tried, tested, is true, and continually adds to the well-being of the Nation.

Budget cuts will be catastrophic to cities throughout the Nation. To replace a statistically successful program with an even greater teenage unemployment rate, illiteracy, more welfare dependents and additional expenditures for penal incarcerations is not cost effective or productive.

The interest in and management of Job Corps centers over the years by Federal employees is directly responsible for a lot of the success of this program. This became painfully evident in the past several years when so much government rifting was happening. This resulted in new Job Corps regional staff who did not know the program and in personnel that were not used to the dual role of procurement and program management.

GAO discussed this problem in depth in its October 21, 1985 report to Congress.

Another important consideration in looking at the Job Corps operations nationwide should be the adherence to the requirements of the act that call for geographic equality in the physical location of Job Corps centers.

Although Job Corps is not bound by State lines, it should be noted that some areas of the country have growing needs for additional training slots.

California, for example, has over 11 percent of the unemployed youth in the United States, and has less than 6 percent of the training slots in Job Corps.

Mr. Chairman and members of the committee, I have been involved with a number of Job Corps centers and have been a center director at centers in South Carolina, Georgia, Iowa, Massachusetts, and now Los Angeles.

I personally know how vital this program is all over the United States to these young people who have no other viable place to turn. Many of the students at the center heard I would be here today, and attached to my written testimony are letters that they have written to you to share their feelings.

Job Corps is cost effective by any measure. It is vital to the hardcore disadvantaged youth in the country. Job Corps is essential to the economic growth of America.

President Reagan said it as well as it could be said in his State of the Union Address, February 5, 1986: "The success of welfare

should be judged by how many of its recipients become independent of welfare."

Thank you for allowing me the privilege of speaking before you today.

Mr. MARTINEZ. Thank you, Mr. Maranville.

[The prepared statement of Mr. Maranville follows:]

Prepared Statement of David R. Maranville, Center Director, Los Angeles Job Corps Center, Operated by the Y.W.C.A of Los Angeles

Mr. Chairman and Members of the Committee, thank you for giving me the opportunity to testify before you today. My name is Dave Maranville and I am employed by the Y.W.C.A. of Los Angeles as the Center Director of the Los Angeles Job Corps Center. The Los Angeles Job Corps Center has been operated by the Y.W.C.A. of Los Angeles for over 20 years. The Los Angeles Center has a long, established, very high success record of training and job placement. Over 15,000 young men and women have experienced a new beginning due to their time in the Los Angeles Job Corps Center.

The Job Corps slogan, "Job Corps Works And So Do Its Graduates," is a statement that accurately describes the Job Corps Program. It is a program that changes the life style of generations providing a blueprint to success. It not only changes an individual family member but effects that one person's relatives, friends, children and grandchildren. Welfare mothers are trained to become self-sufficient, therefore, breaking the cycle of dependency. Young men become trained, experience self-esteem and are then willing to join the Armed Forces to fight for a country that gave them a chance.

In the Congressional Record, the Proceedings and Debates of the 99th Congress, First Session, Senate, Washington, Monday, February 18, 1985, a rebuttal statement by the Home Builders Institute to the President's budget says that, "The 'typical' or average Job Corps enrollee is an economically disadvantaged youth, 18 years of age, minority, school dropout, reads at the 6th grade level, had never been employed full time, comes from either a family receiving public assistance or one earning $5,389 per year, and is in need of intensive services."

This statement re-emphasizes the fact that a majority of Job Corps students are minority youth. Unemployment among minorities has always been disproportionate and still is. In fact, in Times Magazine, May 13, 1985, in an article, "Teenage Orphans of the Job Boom," it articulates, "Unemployment rages among minority youth." The writer of the article goes on to relate, "One of the most perplexing aspects of minority teenage unemployment is that it is occurring at a time when some employers are desperate to hire new workers...The seeming paradox of youth unemployment and job shortages is partly a result of what sociologists in their inimitable jargon call spacial mismatch. Inner-city neighborhoods lost most of their low-skilled work when firms moved outside cities. Job-hungary enterprises ranging from new high-tech firms to taco stands are now often in the suburbs. The minority youths, though, still live downtown. They often have trouble commuting to suburban jobs because cities like Atlanta and Dallas offer poor mass transit...In addition to the problem of job location, minority teenagers are frequently not being prepared by schools for modern, service-industry work. Even when they have the ability to handle a job, minority youths may lack the social skills to land it...Some minority youths who cannot find work turn to the underground economy to earn money...Nearly everyone agrees that training is the long-term answer to minority youth joblessness."

Generally and not just with minority youth, unemployment is a problem in our society of today. The New York Times, June 11, 1985, reported in an article, Help For The Teen-Age Recession,

"though overall employment has risen handsomely for most of the last two years, employment among teen-agers has barely risen at all...Total employment has risen by an impressive 4 million in the last 18 months - to 107 million in May. With teen-agers, it's a different story; the number of job-holders aged 16 to 19 years was 6.4 million in December 1983, 50,000 lower a year later, and just 6.6 million last month. Teen-agers represent 18 percent of the unemployed, but a booming economy has yielded them barely 3 percent of the new jobs."

As is well known, with high unemployment frequently follows more crime, the dissolution of marriages and a breakdown of the family structure and more numbers added to the welfare rolls. The potential Job Corps enrollee has already been through many of these experiences. Job Corps gives them a "second chance" with a <u>real</u> opportunity to succeed.

What does Job Corps do to better prepare the young disadvantaged, hard-to-serve youth for employment? William Mirengoff, a former National Director of Job Corps says, "The Job Corps approach is a holistic, multifaceted one that deals with the host of problems besetting the most disadvantaged segment of our population."

This is exactly what is necessary in order for young people to obtain and keep jobs. They must be trained and educated but at the same time they need to increase their social skills, develop their self-esteem, accept authority, maintain their general well-being and learn to obtain job satisfaction.

The Job Corps program and staff work with the whole person to their fullest capabilities. Besides basic education and skills

of a trade, the diversity of the Job Corps program offers recreation, cultural awareness, medical services, legal advice, everyday living experiences.

The youth of today are the backbone of our economic future. On April 6, 1986, the Daily Breeze, a local newspaper in the Los Angeles area quoted John Ong, Chairman of the National Alliance of Business and Chief Executive Officer of the Akron, Ohio-based B.F. Goodrich Company as saying, "Unless we start acting now to ensure that these young people have the education and training necessary to fill the jobs our economy can create for them economic growth will falter and their isolation in our society will become a permanent and socially perilous problem both for themselves and for the rest of society...These young people want, need and deserve jobs, but all too often by the time they reach employment age the effects of poverty, discrimination and poor schooling have left them virtually unemployable...They are the people our economy needs as workers if it is to reach its full strength."

Mr. Ong's remarks were made after the release of a study by the National Alliance of Business that reported that, by the year 2000, the number of youths entering the work force will decrease, but the percentage of minorities in that group will rise; and the number of high school dropouts will increase as will youth unemployment.

The Job Corps is necessary to combat youth unemployment.

The successes of Job Corps address the special needs of our youth today.

The list of Job Corps success stories is lengthy and could easily make up a book of several volumes. I would like to share some of the Los Angeles Job Corps successes.

One of the early success stories is Mona DeMent. In 1968, Mona was sixteen years old and living in Bremerton, Washington. She had grown up in an alcoholic family, had been in several foster home placements, dropped out of school in the 10th grade and was, herself, getting into trouble due to alcohol.

A friend told Mona about Job Corps. Mona applied and was sent to the Tongue Point Job Corps Center in Astoria, Oregon. She worked hard, obtained her GED and some clerical skills. An experimental counseling training program was to be set up there and Mona was interested. But the program never got off the ground, so she left and worked for a year at a jewelry manufacturing company. This was a dead end for Mona as the business was family owned and she had been promoted as far as she could go. All this time, though, Mona was still interested in counseling and wanted to go to college.

She heard that the Los Angeles Job Corps Center had a reputation for enabling Corpsmembers to pursue college careers. Since she had not utilized her full twenty-four months allowed at Tongue Point, Mona applied again for Job Corps and in 1970 entered the Los Angeles Center.

Not only was this another new situation but going from a small town to the "big city," Los Angeles, was a frightening experience. Mona found her place, though, at the Los Angeles Center. She says she found, "a sense of myself," and "was pushed by staff in a way that I had never been pushed before that allowed me to see my own limits."

In December 1971, Mona graduated from Job Corps with a Psychological Services Certificate and an AA Degree from Los Angeles City College.

In the years since leaving Job Corps she has worked for several agencies serving youth including a girl's home for adolescents referred by probation and parole, a suicide prevention center and a county council on youth. For the past seven years she has been employed by the West Los Angeles Treatment Program, a methodone program for opiate addicts. She started there as an outpatient detox counselor. Today she is the assistant director of the program.

In addition, Mona served several years ago as the first vice-president of the National Job Corps Alumni Association; and this year she is the president of the Los Angeles Job Corps Center Community Relations Council.

Mona is grateful not only for the skills and training she obtained through Job Corps but the nurturing, caring and consistency of the staff. She feels her residential living experience was invaluable and it gave her "exposure to other cultures and provided the realization that Blacks, Hispanics, Samoans, are like everybody else with the same wants, needs and desires."

Mona is a Job Corps success as is Ruben Juarez.

When Ruben was five years old, Ruben's father brought the Juarez family from Mexico to California. For ten years Ruben, his parents and siblings living in crowded downtown Los Angeles. They resided in an apartment building next to a parking lot and

an x-rated movie house. The area had mostly long-time small businesses. One large old building across from Ruben's residence was renovated and converted into a school. Ruben watched the young men and women go in and out of the building and wondered the nature of their learning. Little did he know that some day he, too, would be entering the same building which is the vocational training center of the Los Angeles Job Corps Center. It is the place where Ruben trained in the union contracted Job Corps program, BRAC (Brotherhood of Railroad and Airline Clerks). From this program he received the skills necessary to obtain his present job as a word processor operator I at the Rapid Transit District (RTD).

When Ruben entered Job Corps in 1984 he was nineteen years old. He was a high school dropout, working part-time, attending some community college classes and supporting a wife and infant son with another child on the way. His employable skills were limited and few.

Ruben says that the BRAC staff were "rough" and like Mona said, "really did push me." But Ruben didn't mind being pushed because he feels that Job Corps staff have a commitment to their work and the Corpsmembers.

Today, Ruben is almost twenty-two years old. He has his GED (General Education Diploma) that he earned at Job Corps; and has been working at RTD for eight months. His present salary is $1600 a month. He is still married, has two sons and is hoping to buy a home in the next six to eight months. He hopes that Job Corps will last a long time because, "it really helps a lot

of teen-agers." In fact, Ruben's enthusiasm for the program caught on and his nineteen year old sister also recently entered the Los Angeles Job Corps Center BRAC training.

Job Corps works And So Do Its Graduates...a phrase heard often but true; and it worked for Timothy Ballenger, another Job Corps success.

Timothy is twenty-four years old, married to his high school sweetheart, the father of three girls (2 months, 2½ years and 4 years) and is employed as a Security Officer at the Los Angeles Job Corps Center. He is also a volunteer youth coordinator at the First Philadelphia Missionary Baptist Church in Los Angeles. Life has real meaning for Timothy but this wasn't always the case.

Timothy grew up in South Central Los Angeles...often referred to as the "black ghetto" and the location of the 1968 Watts Riots. He was the oldest of four children and never knew his father. His mother worked until circumstances forced her to depend on disability or welfare payments.

While in the 12th grade, Timothy dropped out of high school. He was frequently in trouble with the law and involved in gang activity.

A cousin told him about Job Corps. He applied and enrolled at the Timber Lake Job Corps Conservation Center in Estacada, Oregon. There he earned a high school diploma and completed a cooking and building maintenance program. It was not an easy experience as this was the first time Timothy had ever been away from his family. Timothy recalls the fear and confusion when he first went to Timber Lake and even some trouble, again, with the law.

After Timber Lake, Timothy worked for the USFS, working on the fire fighting lines also fire-fighting. He went from there to other short term jobs. During this time he married and had his first child. But life was still not falling in place for Timothy. He decided to rejoin Job Corps.

In 1984 Timothy graduated from the Custodial Technician Program at the Los Angeles Job Corps Center. This time he felt headed in the right direction. His first job after leaving the Center was Supervisor of Housekeeping at one of the Care-Unit Hospitals in Los Angeles. By now he had also developed a strong interest in counseling, too. Along with his maintenance and housekeeping work, Timothy became involved in working with gang youth and attempting to change their attitudes and behavior. This eventually led him to apply for a Security Officer position at the Los Angeles Job Corps.

His goal now is to work as a counselor with disadvantaged youth. He "is grateful to all the counselors" who helped him at Job Corps and feels that he was fortunate to experience Job Corps as "a lot of disadvantaged people don't have this chance." In his work at the Los Angeles Center, Timothy tells Corpsmembers, "Job Corps is basically what you make it...give it your best shot...go around the bad ideas and keep a positive attitude."

Timothy Ballenger made it and he is a success.

Recently, the Los Angeles Times, April 6, 1986, featured an article about Job Corps, written by Bob Baker, Times Staff Writer. Mr. Baker spent a week at the Los Angeles Center touring the facilities, observing daily activities and interviewing staff and Corpsmembers. His story, "Job Corps Is A 'Secret' Survivor," presented the success of Melesia Vanegas.

Melesia, in 1980, was an unmarried mother, nineteen years old, with an eighth grade education. She was living in Arizona on welfare.

A friend wrote her about Job Corps. She applied and requested placement at the Los Angeles Center. She attempted clerical training but grew bored. But she did become interested in the building maintenance training program affiliated with the Home Builders Institute. This training taught her plumbing, carpentry, plastering and electricity.

After graduation she found a job assembling prefabricated homes. Later she went on to the maintenance staff of Angeles Plaza, a large downtown Los Angeles senior citizen's housing development. She is now the lead maintenance mechanic there.

Melesia says, "I got an office now. And I give the guys orders. If it hadn't been for the Job Corps, I'd probably be back home on welfare still. I'm not dumb---I mean, I learned my basics in school---but I didn't know anything else until I joined Job Corps."

Mona, Ruben, Timothy and Melesia are only a few of the thousands of young people that have succeeded because of Job Corps. The list goes on and on.

Furthermore, Job Corps is a cost effective program. Included in the additional Information Section is a 1985 Cost Benefit Study of the Job Corps Program. It illustrates the savings in welfare payments during and after the program, tax payments after completion of the program and incarceration savings during and after the program.

Mr. Chairman, it is a fact that Job Corps is an expensive program to operate, about $15,000 per training slot. But the finished product,the trained,socially prepared and employed youth gives back far more than the pay back dollars shown in the study to put them through the program. This is hard to measure in monetary terms. But the Job Corps Graduate who has learned from the Job Corps encounter the know-how of family planning, utilizing leisure time productively and enjoyable, maintaining a job, refraining from use of drugs and staying out of jail, fulfilling responsibility as a family member, employee, and citizen is the real proof or payback to the American taxpayer.

There is a great need to avoid budgetary cutbacks in this vitally important program.

The impact of budget cuts on Job Corps is far-reaching. It produces confusion and costs that are not always expected or projected.

Above all, it effects the students currently enrolled in the program at the particular time. These young people become anxious, estranged and disillusioned with our government and the people which they have just begun to trust. When a Center closes, many of the Corpsmembers are sent back to the inner cities, the broken homes, the welfare lines and the circumstances from which they had hoped to escape. Others are switched to a remaining Center where they must again undergo another adjustment and self-orientation process.

For many who are at the point in their training that they are actually able to see a "light in the tunnel" and a new realm of possibilities for themselves, they feel deceived and angry.

Page 11

Anger frequently breeds depression. Their minds are threatened. They question themselves as if to say, "What did I do wrong again?" Regression to former negative behavior and attitudes often results. The adult world is suspicious to them once more of being unfaithful and not to be trusted.

For the new Corpsmember who is just getting his or her "feet wet" and still testing the limits of the program and the staff and their own potential, the time to adjust is longer and the road is rougher. Whether a Center remains open or closes produces mental anguish and Corpsmembers tend to feel "lost" in the system.

Staff morale is also affected pending budget decisions. Many good staff, dedicated to their work and the task of Job Corps, begin to search for other avenues of employment. Some leave early so they will not be caught when the cuts are made without job security. Others may wait for the outcome, but it is hard and frustrating to be faced yearly with the concern of losing one's job. Center operations frequently become stilted and impotent when staff are plagued with anxiety about their job status.

To keep slots filled and to maintain enrollment at full capacity is another area that is impacted. It is impossible for educators, counselors, parents, friends, probation and parole officials, screeners and recruiters to honestly encourage young people to enter Job Corps when the chances of closure are always prevalent. For many disadvantaged youth the Job Corps, in an unpredictable situation, defeats their need for stability.

Additionally, the impact of budget cuts on Job Corps is of great cost to the taxpayer, especially when Centers are closed. As William Mirengoff said in his speech on January 10, 1985, at the Job Corps Policy Forum sponsored by the Home Builders Institute in Washington, D.C., "Contract terminations, cancellation of leases, divestiture of property, maintenance of closed Centers including security guards, all involve huge expenditures---cost without benefits." Mr. Mirengoff is a former National Director of Job Corps and is presently with the Bureau of Social Science Research.

The Centers that have remained open throughout the years since the beginning of Job Corps as well as the newer Centers must continually face the impact of budget cuts. Being in this type of position never fully allows any Center to obtain maximum stability, organization and continuous high staff and Corpsmember morale. Like a yo-yo, yearly, the Job Corps Program, its enrollees and employees, go up and down, weathering the storm created by proponents wishing to decrease the funds. This doesn't make a whole lot of sense, especially now, with a program over twenty years old that has been tried, tested and true; and continually adds to the well-being of the nation.

Finally, budget cuts will be catastrophic to cities throughout the nation. To replace a statistically successful program with an even greater teen-age unemployment rate, illiteracy, more welfare dependents and additional expenditures for penal incarcerations is not cost effective nor productive.

Page 14

Job Corps success in some ways can be related to the way it is handled within the Government itself. It is administered from the National Job Corps Office in Washington through ten Job Corps Regional Offices. Regional staff have both procurement and program management responsibility. The interest in and management of Job Corps over the years by these Federal employees is directly responsible for a lot in the success of this program. This became painfully evident in the past several years when so much Government "Rifting" was happening and within that process, Job Corps Federal staff titles were reclassified to a common title within E.T.A. This resulted in new Job Corps Regional staff who did not know the program and, in personnel, that were not used to the dual role of procurement and program management.

G.A.O. discussed this problem in depth in its October 21, 1985 report to Congress (GAO/HRD-86-12).

Another important consideration in looking at the Job Corps operation nationwide should be the adherence to the requirements of the act that call for geographical equality in the physical location of Job Corps Centers. Although Job Corps is not bound by State lines, it should be noted that some areas of the country have growing needs for additional training slots. California has over 11% of the unemployed youth in the U.S. and has less than 6% of the training slots in Job Corps.

Page 11

Mr. Chairman, I have been involved with a number of Job Corps Centers and have been a Center Director at Centers in South Carolina, Georgia, Iowa and now Los Angeles. I personally know how vital this program is all over the United States to these young people who have no other viable place to turn. Many of the students at this Center heard I would be here today and have written letters to you which are attached to share their feelings.

Job Corps is cost effective by any measure. Job Corps is vital to the hard core disadvantaged youth in the country. Job Corps is essential to the economic growth of America.

President Reagan said it as well as it can be said. "The success of welfare should be judged by how many of its recipients become independent of welfare." (President Ronald Reagan, State of the Union Address, February 5, 1986.

Thank you for allowing me the privilege of speaking before you today.

ADDITIONAL STATEMENT

TO

WRITTEN TESTIMONY

Originally Presented on April 22, 1986 to:

The U.S. House of Representatives Committee

on Education and Labor

Subcommittee on Employment Opportunities

BY

DAVID R. MARANVILLE

Center Director, Los Angeles Job Corps Center

Operated by the Y.W.C.A. of Los Angeles

April 29, 1986

Mr. Chairman and members of the committee, during testimony before the committee on April 22, 1986, the subject or theme called "Job Corps II" was discussed, especially in the testimony of Assistant Secretary Semered.

The impression one gets after hearing Mr. Semered's testimony is that Secretary of Labor Brock has been led to believe that Job Corps today is the same Job Corps it was when established 21 years ago. One is led to believe that Job Corps has been a stagnant program, as if there has been no changes, no pilots, no innovations.

The Job Corps family knows all about Job Corps II. We learned about Job Corps II the first year of President Nixon's administration when he cut our program in half. The same Job Corps II that Assistant Secretary Semered talks about is that Job Corps II that begins with a base of cutting this program into half.

As I understand the administration's Job Corps II, it's a Job Corps that is half the size of the 1986 Job Corps; and, it's a Job Corps that experiments with pilots and innovative ideas.

Mr. Chairman, the Job Corps that we propose to operate for you in 1987 is Job Corps XXII. The reason I say Job Corps XXII and not Job Corps II is that, for the past 21 years it is an established fact that this program has been at the spearhead of innovation, piloting and testing, resulting in innovative approaches in fine tuning of our program on a continuing evolutionary process. The results speak for themselves--the success of this program in dealing with the needs of the unique client load that we serve, the hard core disadvantaged youth that other educational systems absolutely failed with, are a matter of record. Many, many educational institutions in the United States, and a number of foreign countries, either are using the method we use in Job Corps today in attempting to educate, train and place on jobs youth and adults they serve, or are looking at implementing methods that we use.

The Job Corps family I represent offers you Job Corps XXII for 1987 and not a repeat of Job Corps II as we experienced in the first year of President Nixon's administration.

Mr. Chairman, I urge this committee and Congress to consider amending the legislation by mandating the number of training slots for our Job Corps program and, at a minimum, mandate the current level of 44,000 training slots. Labor Secretary William Brock, when he appeared before a Senate Subcommittee, stated "You can't give me enough money to clean up this mess." Mr. Brock said, noting that "700,000 children are dropping out of high school each year and another 700,000 are graduating functionly illiterate...there are 23 million people in this country who can't read a help wanted sign." Mr. Chairman, I cannot fathom how reducing the Job Corps program can help clean up this mess. In fact, it simply doesn't make sense to take one of the only successful programs in dealing with this mess and propose to cut it in half. I feel the safeguard to that is congressional legislation that mandates the number of training slots in the Job Corps program.

Thank you for giving me the opportunity for providing this additional testimony.

Mr. MARTINEZ. Mr. Federico.

Mr. FEDERICO. Mr. Chairman and respected members of the subcommittee, my name is Tony Federico, and I am the center director of the Northlands Job Corps Center in Vergennes, VT. It is an honor for me to appear before you here today.

By way of brief background, let me say that for 7 years I have administered our center in Vermont for the Singer career systems.

Prior to my employment with Job Corps, I administered other youth programs for special projects from the Governor's office. Without a doubt, my experience with Job Corps has been the most rewarding.

I suspect what I will tell you about my experiences at Job Corps at Northlands will be quite representative of other center directors' experience in their respective States.

Any one of my fellow center directors in this hearing room today could share with you their success stories associated with Job Corps.

The program Congress authorized over 20 years ago is better than ever.

The Northlands Job Corps Center in Vergennes, VT, opened to corps members on June 5, 1979, on the site of a State facility previously operated as a juvenile center.

The local township of Vergennes had serious initial concerns about a facility that would operate for over 250 young people who were unemployed and needed many special services. The concerns that the township voiced were based on a lack of understanding of the Job Corps Program and on previous problems with the State facility that operated for many less youth.

It has been almost 7 years since the center opened, and in that time Northlands has grown to become a highly respected member of the community. In fact, the community has bestowed many honors.

Recently, the city of Vergennes celebrated a Northlands Job Corps Recognition Day, gathering together members of the Eagles, Lions, Rotary Clubs, and the chamber of commerce, who hosted a special dinner for all the corps members and staff.

Through actual experience, Northlands has proven to the people of Vergennes that the Job Corps Program works. It provides structure and a positive environment for youth.

During this past year, Northlands has maintained a completor placement rate of 94 percent. We are presently operating at a capacity rate of 102 percent.

Although some of our corps members may have held jobs, various unskilled jobs prior to entering the program, their skill level as well as their work ethics did not enable them to keep or to obtain skilled level employment.

Through a number of vocational offerings, as well as cooperative college course programs offered at the center, Northlands has prepared our corps members for employment and advanced training in college, technical schools, and military service.

Northlands has been successful because it offers a supportive environment with mixed structure.

The program provides corps members with an opportunity to receive individualized vocational and academic training. There are

many situations where corps members who did not succeed in public schools have been significantly successful at Northlands, both academically and socially.

The corps members at Northlands are fully involved in the program's operations. They are continually developing a sense of responsibility through assigned work and volunteerism.

The development into the adult role takes place as corps members no longer seek to be taken care of, but rather accept responsibility for attainment of their goals.

Just recently, the State of Vermont opened a juvenile detention center for unmanageable youth which operates at a cost of over $50,000 a year per youth.

Northlands can provide services to youth in need of development at less than one-quarter the cost and provides much more in the way of vocational, academic, and medical services.

During this month, we were reviewed by the New England Association of Schools & Colleges for accreditation candidacy.

The review members, superintendents of vocational schools in Massachusetts, found our program to possess many exceptional qualities.

They stated that the learning and social environment at Northlands provided an extremely positive environment for young people. Our corps members were described as having a real sense of pride and purpose.

The superintendents acknowledged that many of our corps members may not have previously experienced this in school.

Through hard work, Northlands has built a very good reputation and greatly improved a facility that was once in poor repair into a pleasant learning environment. We have grown keenly aware that our program has served some young people who had been lost between the cracks of other programs.

Northlands has served as a safety net for the youth in Vermont, New Hampshire, and northern New England.

The present discussion about closing Job Corps centers is very detrimental to everyone associated with the program. The vital role of serving corps members is all encompassing and deserves our full attention.

However, the advant of center closings this summer has permeated the entire Job Corps system and is creating a long-term paranoia.

I have seen where dedicated staft who give 110 percent to the Job Corps youth have had to reconsider their future with Job Corps. The negativism associated with center closings affects all of us.

In my opinion, the administration would be better served if they would turn their attention to providing proper assistance to correct unacceptable performance, rather than to the irreversible mission of center terminations.

For the youth that Job Corps serves, the unemployment rate is at tragic levels. It would make better sense to discuss expanding the Job Corps Program than closing it.

Mr. Chairman and members, thank you for the opportunity to share these views with you.

Mr. MARTINEZ. Thank you, Mr. Federico.

[The prepared statement of Tony Federico follows:]

Prepared Statement of Tony Federico, Center Director, Northlands Job Corps Center

Mr. Chairman and respected members of the Subcommittee, my name is Tony Federico. I am Center Director of the Northlands Job Corps Center in Vergennes, Vermont. It is an honor for me to appear before you today. By way of brief background, let me say that for seven years I have administered our center in Vermont for Singer Career Systems. Prior to my employment with Job Corps, I administered other youth programs for special projects from the Governor's office. Without a doubt, my experience with Job Corps has been the most rewarding.

I suspect what I will tell you about my experience at Northlands will be quite representative of other center directors' experience in their respective states. Any one of my fellow center directors in this hearing room today could share with you their success stories associated with Job Corps. The program Congress authorized over 20 years ago is better than ever.

THE NORTHLANDS JOB CORPS CENTER IN VERGENNES, VERMONT OPENED TO CORPSMEMBERS ON JUNE 5, 1979, ON THE SITE OF A STATE FACILITY PREVIOUSLY OPERATED AS A JUVENILE CENTER. THE LOCAL TOWNSHIP OF VERGENNES HAD SERIOUS INITIAL CONCERN ABOUT A FACILITY THAT WOULD OPERATE FOR OVER 250 YOUNG PEOPLE WHO WERE UNEMPLOYED AND NEEDED MANY SPECIAL SERVICES. THE CONCERNS THAT THE TOWNSHIP VOICED WERE BASED ON A LACK OF UNDERSTANDING ABOUT THE JOB CORPS PROGRAM AND ON PREVIOUS PROBLEMS WITH A STATE FACILITY THAT OPERATED WITH MANY LESS YOUTH.

IT HAS BEEN ALMOST SEVEN YEARS SINCE THE CENTER OPENED AND IN THAT TIME NORTHLANDS HAS GROWN TO BECOME A HIGHLY RESPECTED MEMBER OF THE COMMUNITY -- IN FACT, THE COMMUNITY HAS BESTOWED MANY HONORS. RECENTLY, THE CITY OF VERGENNES CELEBRATED A NORTHLANDS JOB CORPS RECOGNITION DAY GATHERING TOGETHER MEMBERS OF THE EAGLES, LIONS, ROTARY CLUBS, AND THE CHAMBER OF COMMERCE WHO HOSTED A SPECIAL DINNER FOR ALL THE CORPSMEMBERS AND STAFF. THROUGH ACTUAL EXPERIENCE, NORTHLANDS HAS PROVEN TO THE PEOPLE OF VERGENNES THAT THE JOB CORPS PROGRAM WORKS. IT PROVIDES STRUCTURE AND A POSITIVE ENVIRONMENT FOR YOUTH.

DURING THIS PAST YEAR, NORTHLANDS HAS MAINTAINED A COMPLETOR PLACEMENT RATE OF 94%. WE ARE PRESENTLY OPERATING AT A CAPACITY RATE OF 102%. ALTHOUGH SOME OF OUR CORPSMEMBERS MAY HAVE HELD VARIOUS UNSKILLED JOBS PRIOR TO ENTERING THE PROGRAM, THEIR SKILL LEVEL AS WELL AS WORK ETHICS DID NOT ENABLE THEM TO KEEP OR OBTAIN SKILLED LEVEL EMPLOYMENT. THROUGH A NUMBER OF VOCATIONAL OFFERINGS, AS WELL AS COOPERATIVE COLLEGE COURSE PROGRAMS OFFERED AT THE CENTER, NORTHLANDS HAS PREPARED OUR CORPSMEMBERS FOR EMPLOYMENT AND ADVANCED TRAINING IN COLLEGE, TECHNICAL SCHOOLS AND MILITARY SERVICE. NORTHLANDS HAS BEEN SUCCESSFUL BECAUSE IT OFFERS A SUPPORTIVE ENVIRONMENT MIXED WITH STRUCTURE. THE PROGRAM PROVIDES CORPSMEMBERS WITH AN OPPORTUNITY TO RECEIVE INDIVIDUALIZED VOCATIONAL AND ACADEMIC TRAINING. THERE ARE MANY SITUATIONS WHERE CORPSMEMBERS WHO DID NOT SUCCEED IN PUBLIC SCHOOLS HAVE BEEN SIGNIFICANTLY SUCCESSFUL AT NORTHLANDS, BOTH ACADEMICALLY AND SOCIALLY.

THE CORPSMEMBERS AT NORTHLANDS ARE FULLY INVOLVED IN THE PROGRAMS OPERATIONS. THEY ARE CONTINUALLY DEVELOPING A SENSE OF RESPONSIBILITY THROUGH ASSIGNED WORK AND VOLUNTEERISM. THE DEVELOPMENT INTO THE ADULT ROLE TAKES PLACE AS CORPSMEMBERS NO LONGER SEEK TO BE TAKEN CARE OF, BUT RATHER ACCEPT RESPONSIBILITY FOR OBTAINMENT OF THEIR GOALS.

JUST RECENTLY THE STATE OF VERMONT OPENED A JUVENILE DETENTION CENTER FOR UNMANAGEABLE YOUTH WHICH OPERATES AT A STAGGERING COST OF OVER $50,000 PER YOUTH. NORTHLANDS CAN PROVIDE SERVICES TO YOUTH IN NEED OF DEVELOPMENT AT LESS THAN ONE QUARTER THE COST AND PROVIDES MUCH MORE IN THE WAY OF VOCATIONAL, ACADEMIC, AND MEDICAL SERVICES.

DURING THIS MONTH, WE WERE REVIEWED BY THE NEW ENGLAND ASSOCIATION OF SCHOOLS AND COLLEGES FOR ACCREDITATION CANDIDACY. THE REVIEW MEMBERS -- SUPERINTENDENTS OF VOCATIONAL SCHOOLS IN MASSACHUSETTS -- FOUND OUR PROGRAM TO POSSESS MANY EXCEPTIONAL QUALITIES. THEY STATED THAT THE LEARNING AND SOCIAL ENVIRONMENT AT NORTHLANDS PROVIDED AN EXTREMELY POSITIVE ENVIRONMENT FOR THE YOUNG PEOPLE. OUR CORPSMEMBERS WERE DESCRIBED AS HAVING A RÉAL SENSE OF PURPOSE AND PRIDE. THE SUPERINTENDENTS ACKNOWLEDGED THAT MANY OF OUR CORPSMEMBERS MAY NOT HAVE PREVIOUSLY EXPERIENCED THIS IN SCHOOL.

THROUGH HARD WORK NORTHLANDS HAS BUILT A VERY GOOD REPUTATION AND GREATLY IMPROVED A FACILITY THAT WAS ONCE IN POOR REPAIR INTO A PLEASANT LEARNING ENVIRONMENT. WE HAVE GROWN KEENLY AWARE THAT OUR PROGRAM HAS SERVED SOME

YOUNG PEOPLE WHO HAVE BEEN LOST BETWEEN THE CRACKS OF OTHER PROGRAMS. NORTHLANDS HAS SERVED AS A "SAFETY NET" FOR THE YOUTH IN VERMONT, NEW HAMPSHIRE AND NORTHERN NEW ENGLAND.

THE PRESENT DISCUSSION ABOUT CLOSING JOB CORPS CENTERS IS VERY DETRIMENTAL TO EVERYONE ASSOCIATED WITH THE PROGRAM. THE VITAL ROLE OF SERVING CORPSMEMBERS IS ALL ENCOMPASSING AND DESERVES OUR FULL ATTENTION.

HOWEVER, THE ADVENT OF CENTER CLOSINGS THIS SUMMER HAS PERMEATED THE ENTIRE JOB CORPS SYSTEM AND IS CREATING A LONG-TERM PARANOIA. I HAVE SEEN WHERE DEDICATED STAFF WHO GIVE 110% TO THE JOB CORPS YOUTH HAVE HAD TO RECONSIDER THEIR FUTURE WITH JOB CORPS. THE NEGATIVISM ASSOCIATED WITH CENTER CLOSINGS AFFECTS ALL OF US. IN MY OPINION, THE ADMINISTRATION WOULD BE BETTER SERVED IF THEY TURN THEIR ATTENTION TO PROVIDING ASSISTANCE TO CORRECT UNACCEPTABLE PERFORMANCE RATHER THAN TO THE IRREVERSIBLE AND NEGATIVE MISSION OF CENTER TERMINATIONS. FOR THE YOUTH THAT JOB CORPS SERVES, THE UNEMPLOYMENT RATE IS AT TRAGIC LEVELS. IT WOULD MAKE BETTER SENSE TO DISCUSS EXPANDING THE JOB CORPS, RATHER THAN CLOSING IT.

MR. CHAIRMAN AND MEMBERS, THANK YOU FOR THE OPPORTUNITY TO SHARE THESE VIEWS WITH YOU.

Mr. MARTINEZ. Mr. Androlewicz, Mr. Maranville, Mr. Diamond, and Mr. Federico, I have no questions because I agree with everything you have said. And more importantly, you have outlined how Job Corps graduates really help the business community with their adequate training. I have seen it firsthand at the sites I have visited. You have outlined here why this program has succeeded where other programs have failed, and you have outlined how the cuts will affect the centers and those young people they serve.

You have also pointed out what will happen to these young people if there is no job training.

You have showed us a couple of new angles, however, which we on the subcommittee, through my staff director, Eric Jensen, will pursue with the Department of Labor. You have raised some interesting points that I think should be followed up.

With that, I commend you for the work you have done in this area and for the young people you have helped.

I read a couple of the letters, Mr. Maranville, from those young people in Los Angeles. A couple of those letters were addressed to Senator Cranston, and I hope he gets them. But they are very interesting. They are very intelligent letters and are very much from the heart. I think that if more Congresspeople would see these kinds of letters and understand the people that they are helping through this program, they would be more supportive of it, supportive enough to make sure that there are not cuts but more funds.

And your asking for a supplemental appropriation, Mr. Diamond, I think you are absolutely right. We ought to be talking about supplementals to the Job Corps, not cuts.

With that, I will turn to Mr. Hayes.

Mr. HAYES. Thank you, Mr. Chairman. But I, like you, have been very impressed with the supportive testimony that we have heard here this morning for the retention of the Job Corps Program.

I just regret very much that the people who want to reduce it or cut the Job Corps aren't here to hear the testimony. I guess the transcript of this hearing, though, will reach them at some point. I hope it isn't too late.

I just wanted to close by saying what you have said, in effect, if I had to put it in capital form, "the Job Corps Program is not broke, don't fix it."

Mr. MARTINEZ. Very good. Thank you, Mr. Hayes.

With that, we will turn to the film now.

[Whereupon, at 11:37 a.m., the subcommittee was adjourned.]

60-712 (112)